

ARTICLE II

HEALTH AND HUMAN SERVICES

Sec. 1. The several sums of money herein specified, or so much thereby as may be necessary, are appropriated out of any funds in the State Treasury not otherwise appropriated, or out of special funds as indicated, for the support, maintenance, or improvement of the designated health and human services agencies.

DEPARTMENT ON AGING

	For the Years Ending	
	August 31,	August 31,
	2002	2003
A. Goal: SERVICES AND OPPORTUNITIES		
To enable older Texans to live dignified, independent, and productive lives within a safe living environment through an accessible, locally-based, comprehensive and coordinated continuum of services and opportunities.		
Outcome (Results/Impact):		
Percent of Older Population Receiving Services Who Are Low-income	81%	81%
Percent of Older Population Receiving Services Who Are Moderately to Severely Impaired	25%	25%
Percent of Older Population Receiving Services Who Remained Independent Due to Services	85%	85%
Percent of Nursing Homes with a Certified Ombudsman	73%	76%
A.1.1. Strategy: CONNECTIONS	\$ 11,123,031	\$ 11,345,492
Provide a statewide, locally-based system that connects people with the services and benefits they need through ombudsman services, Options case management, information and legal assistance.		
Output (Volume):		
Number of Certified Ombudsmen	860	890
Number of Persons Receiving Options Case Management	8,730	8,905
Number of Unlicensed Assisted Living Facilities Identified	300	300
Efficiencies:		
TDOA Cost Per Certified Ombudsman	2,864	2,823
TDOA Cost Per Options Case Management Client	256	256
A.1.2. Strategy: NUTRITION SERVICES	\$ 37,431,654	\$ 37,999,526
Provide a statewide, locally-based system of nutrition services that includes meals, counseling, and education designed to promote good health and to prevent illness.		
Output (Volume):		
Number of Congregate Meals Served	4,170,000	4,182,000
Number of Home Delivered Meals Served	4,497,800	4,474,500
Number of Meals Reimbursed by USDA	15,130,000	15,130,000
Efficiencies:		
TDOA Cost Per Congregate Meal	3.25	3.25
TDOA Cost Per Home-delivered Meal	2.95	2.95
Explanatory:		
Unit Cost Per Congregate Meal	3.61	3.61
Unit Cost Per Home-delivered Meal	3.28	3.28
A.1.3. Strategy: INDEPENDENCE/PRODUCTIVITY	\$ 17,623,671	\$ 17,815,994
Provide a statewide, locally-based system of services designed to maintain personal independence through the provision of supportive services, transportation, and senior center activities; and provide opportunities		

DEPARTMENT ON AGING
(Continued)

for increased personal productivity through
community service volunteering.

Output (Volume):

Number of Persons Receiving Homemaker Services	4,026	4,046
Number of One-way Trips (Demand-response Transportation Services)	1,391,465	1,405,380

Efficiencies:

TDOA Cost Per Person Receiving Homemaker Services	416	422
TDOA Cost Per One-way Trip	3.2	3.2

Total, Goal A: SERVICES AND OPPORTUNITIES	\$ 66,178,356	\$ 67,161,012
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B. Goal: DIRECT AND INDIRECT ADMIN

Direct and Indirect administrative and support costs.

B.1.1. Strategy: DIRECT AND INDIRECT ADMIN	\$ 3,003,504	\$ 3,057,153
Direct and indirect administrative and support costs.		

Grand Total, DEPARTMENT ON AGING	\$ 69,181,860	\$ 70,218,165
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Method of Financing:

General Revenue Fund

General Revenue Fund	\$ 4,412,501	\$ 4,399,786
GR Match for Federal Funds (Department on Aging)	3,098,720	3,111,435
Earned Federal Funds	25,000	25,000

Subtotal, General Revenue Fund	\$ 7,536,221	\$ 7,536,221
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Federal Funds	61,645,639	62,681,944
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Total, Method of Financing	\$ 69,181,860	\$ 70,218,165
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Number of Full-Time-Equivalent Positions (FTE):	35.0	35.0
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Schedule of Exempt Positions:

Executive Director, Group 2	\$70,000	\$70,000
Board Member Per Diem	4,400	4,400

Supplemental Appropriations Made in Riders:	\$ 195,000	\$ 195,000
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- Data on RSVP Matching Funds Required.** It is the intent of the Legislature that the Department on Aging maintain data on the amount of matching funds required for federal grants to local retired senior volunteer programs. The department shall submit to the Legislative Budget Board and the Governor's Budget Office by October 1 of each fiscal year, a report in such detail as the two budget offices may require.
- Unit Cost Reporting Required.** It is the intent of the Legislature that the Texas Department on Aging maintain a reporting system that clearly and accurately identifies the unit cost of each service provided by each Area Agency on Aging for all strategies, except for volunteer services in A.1.3, and that the results of this unit cost reporting be provided to the Legislative Budget Board and the Governor semi-annually and in a form that the two budget offices may require.
- Memorandum of Agreement: Options for Independent Living Program.** It is the intent of the Legislature that the Texas Department on Aging will maintain a Memorandum of Agreement with the Texas Department of Human Services which specifies that there will be no duplication of services to elderly clients served by the "Options" program and elderly clients served by the Texas Department of Human Services.

DEPARTMENT ON AGING
(Continued)

4. **Appropriation and Unexpended Balances: Affordable Housing for the Elderly.**

Funds appropriated above include fees collected pursuant to § 394.902, Local Government Code, and § 101.022, Human Resources Code, as amended, for the purpose of promoting affordable housing for the elderly. The Department on Aging shall submit a report to the Legislative Budget Board and the Governor by October 1 of each year. The report shall identify for the prior fiscal year the amount of fees collected and deposited into the General Revenue Fund, the dollar value of grants issued with such funds, the number of persons or entities receiving grants, and the specific purposes for which grants were issued.

Contingent upon certification by the Department on Aging and verification by the Comptroller, all fees collected in excess of \$90,000 each year of the biennium (estimated to be \$195,000 in fiscal year 2002 and \$195,000 in fiscal year 2003) are hereby appropriated to the Department on Aging to promote affordable housing for the elderly. The Department on Aging shall provide written notification of the agency’s intention to expend fee-generated general revenue in excess of \$90,000 each year of the biennium to the Legislative Budget Board and the Governor at least 14 days prior to the planned expenditure, and document the amount and specific purpose of the planned expenditure. Any unexpended balances in fees collected to promote affordable housing for the elderly for the fiscal year ending August 31, 2002, may be carried forward into fiscal year 2003, and such balances are hereby appropriated.

5. **Area Agencies on Aging.** It is the intent of the Legislature that if the Department on Aging plans to alter local planning and service areas in effect on September 1, 1999, that the department receive approval from the Health and Human Services Commission and that the Governor and the Legislative Budget Board be notified before the adoption of such plans.

COMMISSION ON ALCOHOL AND DRUG ABUSE

	For the Years Ending	
	August 31, 2002	August 31, 2003
A. Goal: SERVICES DISTRIBUTION		
Provide for the delivery of substance abuse prevention, intervention, and treatment services based on need throughout the state.		
Outcome (Results/Impact):		
Percent of Youth Who Report They Are Abstinent When Contacted Following Discharge	85%	85%
Percent of Adults Entering Treatment Programs Who Report They Are Abstinent When Contacted Following Discharge	81%	81%
Percent of Unemployed Adults Completing Treatment Programs Who Report They Are Employed When Contacted Following Discharge	60%	60%
Percent of Youth Who Report a Reduction in Absenteeism When Contacted Following Discharge	47%	47%
A.1.1. Strategy: PREVENTION SERVICES	\$ 30,522,353	\$ 30,522,353
Implement community and family based prevention services to increase resilience and reduce the risk of chemical use, abuse and dependency in Texas.		
Output (Volume):		
Number of Adults Served in Prevention Programs	98,468	98,468
Number of Youth Served in Prevention Programs	273,207	273,207

COMMISSION ON ALCOHOL AND DRUG ABUSE
(Continued)

Efficiencies:			
Average Cost Per Youth for Prevention Services	91.33		91.33
Average Cost Per Adult for Prevention Services	56.57		56.57
A.1.2. Strategy: INTERVENTION SERVICES	\$ 34,182,467	\$	34,182,467
Implement community and family based intervention services to interrupt the illegal use of alcohol, tobacco, and other drugs by youth and to break the cycle of harmful use of legal substances and all use of illegal substances by adults.			
Output (Volume):			
Number of Adults Served in Intervention Programs	173,756		173,756
Number of Youth Served in Intervention Programs	195,477		195,477
Efficiencies:			
Average Cost Per Adult for Intervention Services	85.58		85.58
Average Cost Per Youth for Intervention Services	98.8		98.8
A.1.3. Strategy: TREATMENT SERVICES	\$ 88,586,957	\$	88,586,958
Implement a continuum of community and family based treatment and related services for chemically dependent persons.			
Output (Volume):			
Number of Adults Served in Treatment Programs	33,699		33,699
Number of Youth Served in Treatment Programs	6,430		6,430
Efficiencies:			
Average Cost Per Adult Served in Treatment Programs	1,919		1,919
Average Cost Per Youth Served in Treatment Programs	3,720		3,720
Explanatory:			
Percent of Adults Completing Treatment Programs	71%		71%
Percent of Youth Completing Treatment Programs	61%		61%
A.1.4. Strategy: CRIMINAL JUSTICE TREATMENT	\$ 3,250,000	\$	3,250,000
Provide criminal justice based chemical dependency services.			
A.2.1. Strategy: COMPULSIVE GAMBLING	\$ 375,000	\$	375,000
Provide problem gambling awareness and prevention services.			
A.2.2. Strategy: SAFE & DRUG FREE SCHOOLS	<u>\$ 6,884,037</u>	<u>\$</u>	<u>6,889,000</u>
Provide grants to communities to prevent violence and substance abuse within schools and communities in compliance with the federal Safe and Drug Free Schools and Communities Act.			
Total, Goal A: SERVICES DISTRIBUTION	<u>\$ 163,800,814</u>	<u>\$</u>	<u>163,805,778</u>

B. Goal: QUALITY ASSURANCE
Ensure value, safety and accountability of substance abuse prevention, intervention, and treatment services.

Outcome (Results/Impact):			
Percent of Facilities Meeting Performance Targets	72%		72%
B.1.1. Strategy: COMPLIANCE	\$ 3,833,857	\$	3,833,857
Verify and enforce compliance with regulatory and funding requirements.			
Output (Volume):			
Number of Field Audits Performed	95		95
Efficiencies:			
Median Time (in Days) for Facility License Issuance	123		123
B.1.2. Strategy: PERFORMANCE MANAGEMENT	<u>\$ 3,048,425</u>	<u>\$</u>	<u>3,048,425</u>
Optimize performance quality and cost efficiency through the funding, managing, and monitoring of services.			

COMMISSION ON ALCOHOL AND DRUG ABUSE
(Continued)

Output (Volume):		
Number of Provider Performance Reviews Conducted	769	769
Total, Goal B: QUALITY ASSURANCE	\$ 6,882,282	\$ 6,882,282
C. Goal: INDIRECT ADMINISTRATION		
C.1.1. Strategy: CENTRAL ADMINISTRATION	\$ 2,804,998	\$ 2,804,998
C.1.2. Strategy: INFORMATION RESOURCES	\$ 1,030,775	\$ 1,030,775
C.1.3. Strategy: OTHER SUPPORT SERVICES	\$ 1,167,447	\$ 1,167,447
Total, Goal C: INDIRECT ADMINISTRATION	\$ 5,003,220	\$ 5,003,220
Grand Total, COMMISSION ON ALCOHOL AND DRUG ABUSE	\$ 175,686,316	\$ 175,691,280
Method of Financing:		
GR for Substance Abuse Prevention and Treatment Block Grant	\$ 27,299,576	\$ 27,299,577
Federal Funds	140,142,703	140,142,703
<u>Other Funds</u>		
Appropriated Receipts	538,500	538,500
Interagency Contracts	7,705,537	7,710,500
Subtotal, Other Funds	\$ 8,244,037	\$ 8,249,000
Total, Method of Financing	\$ 175,686,316	\$ 175,691,280
Number of Full-Time-Equivalent Positions (FTE):	198.0	198.0
Schedule of Exempt Positions:		
Executive Director, Group 4	\$100,000	\$100,000
1. Capital Budget. None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease payments to the Master Lease Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103.		
	<u>2002</u>	<u>2003</u>
Out of Federal Funds:		
a. Acquisition of Information Resource Technologies		
(1) Lease of Behavioral Health Integrated Provider System (BHIPS) Server	\$ 29,560	\$ 29,560
(2) Contracted Programming for BHIPS	90,000	90,000
(3) Contracted Programming for Information Management System (IMS)	60,000	45,000
(4) Sybase Support for IMS	22,860	22,860
Total, Acquisition of Information Resource Technologies	\$ 202,420	\$ 187,420
Total, Capital Budget	\$ 202,420	\$ 187,420

COMMISSION ON ALCOHOL AND DRUG ABUSE

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2. **Screening of Alcoholics and Drug Abusers Authorized.** From funds appropriated above, the Texas Commission on Alcohol and Drug Abuse may grant, through contract, funds to support the screening of alcoholics and drug abusers prior to institutionalization in a state facility. The Commission may furthermore develop new alternatives to the institutionalization of alcoholics and drug abusers through services provided by community mental health centers and alcohol and drug abuse providers.
3. **Data Collection Required.** The commission is required to collect billing, services, and client information from contractors on a monthly basis. Data shall be collected on the services provided to minority populations, including Native Americans. The commission also shall document the expenditure of funds for training of personnel, staff development, public information, and other services that cannot be measured by direct client outcome.
4. **Agreements With Native American Population Authorities.** The Texas Commission on Alcohol and Drug Abuse shall enter into agreements with Native American population authorities for the provision of substance abuse programs aimed at dealing with the prevention, intervention and treatment of alcoholics and drug abusers among the Native American population.
5. **Priority Populations Defined.** The Legislature designates the following priority populations of the commission:
 - a. youth who currently are at risk of using or abusing, who currently abuse, or have abused, substances including youth in or referred by the juvenile justice system;
 - b. people who have or are at risk of having human immunodeficiency virus infection through substance abusing behavior;
 - c. substance abusers who have now, or who have at one time, entered the criminal justice system;
 - d. substance abusers who are at risk of institutionalization or who currently are served in mental health facilities;
 - e. substance abusers who have had children placed under the conservatorship of the Department of Protective and Regulatory Services;
 - f. youth at-risk of selling controlled substances;
 - g. women with children or women of child bearing years; and
 - h. indigent veterans having received an honorable discharge.
6. **Youth At Risk of Selling Controlled Substances.** Out of funds appropriated above, the commission shall plan, develop, coordinate, evaluate, and implement constructive methods and programs to provide wholesome alternatives for youth at risk of selling controlled substances.
7. **Coordination of Support Services.** Out of the funds appropriated above, the commission is directed to enter into formal agreements with other health and human service agencies to facilitate referral and access for its clients to other needed ancillary services as determined by the client's treatment plan. Each client's treatment plan is to contain complete and appropriate medical, educational and/or vocational objectives that meet the needs of clients. The commission shall provide technical aids and assistance to ensure that clients are provided or are referred to appropriate services. The commission shall monitor its contractors to gauge the performance of its contractors regarding the provision and/or referral of clients to appropriate services. The commission shall evaluate the impact that supportive services may have upon achieving successful treatment outcomes.
8. **Appropriations Limited to Revenue Collections.** It is the intent of the Legislature that fees, fines, and other miscellaneous revenues as authorized and generated by the agency cover,

COMMISSION ON ALCOHOL AND DRUG ABUSE

(Continued)

at a minimum, the cost of the appropriations made above for the licensing and regulation of chemical dependency counselors and chemical dependency treatment facilities in strategy item B.1.1, Compliance, as well as the “other direct and indirect costs” associated with this function, appropriated elsewhere in this Act. “Other direct and indirect costs” for the licensing and regulation of chemical dependency counselors and chemical dependency treatment facilities are estimated to be \$223,161 for fiscal year 2002 and \$133,122 for fiscal year 2003. In the event that actual and/or projected fee revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct that the Comptroller of Public Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available.

9. **Medicaid Programs - Revenue Enhancement.** Out of the funds appropriated above, local mental health authorities are encouraged to use these state funds to match federal Medicaid funds entitled rehabilitation services under the State Medicaid Plan, for those Medicaid eligible clients receiving substance abuse services by the local mental health authority. These funds may be expended on persons with co-occurring mental health and substance abuse diagnoses.
10. **HIV Contracting At TCADA.** The contracting of HIV services at the Texas Commission on Alcohol and Drug Abuse shall be as comprehensive as those at the Texas Department of Health and shall include, but is not limited to:
 - a. definitions of health services and support services to be provided;
 - b. requirements for licensure of facilities or service providers;
 - c. budgets, financial status reports, and standards for financial reports;
 - d. performance measures and standards;
 - e. fee schedules, where applicable; and
 - f. restrictions/limitations on the use of contract funds.
11. **Public/Private Partnership.** It is the intent of the Legislature that the commission shall partner with private and other public entities to the greatest extent possible for the purpose of conserving state general revenue appropriations.
12. **Compulsive Gambling Prevention Programs.** The Texas Commission on Alcohol and Drug Abuse shall enter into an interagency agreement with the Lottery Commission by which the Lottery Commission shall provide \$375,000 for each year of the biennium to the Commission on Alcohol and Drug Abuse to maintain the Problem Gambler’s Hotline.
13. **Notification of Regional Funds Distribution.** The Commission on Alcohol and Drug Abuse shall notify the Senate Finance Committee, House Appropriations Committee, Legislative Budget Board and the Governor of the allocation methodology or formula used to allocate funds. This report shall include development of a statewide plan for substance abuse delivery services which:
 - a. provides for reasonable geographic access to services;
 - b. is based upon equitable funding;
 - c. selects providers on a competitive basis; and
 - d. presents an impact analysis of any changes from the previous year’s formula or percentage allocations, by public health region.

The report shall be submitted at least 30 days prior to allocations made out of funds appropriated above.

14. **Notification of Intent to Use Federal Grant Funds.** The Commission on Alcohol and Drug Abuse shall notify the Legislative Budget Board and the Governor of its intent to use additional Substance Abuse Prevention and Treatment grant funds in excess of the amounts

COMMISSION ON ALCOHOL AND DRUG ABUSE

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specifically appropriated in the strategies above to fund services previously funded from other federal sources. This notification shall include the services to be provided, the original source of funding for the program or services, and the amount of the grant funds to be used. The notification shall be submitted at least 30 days prior to allocations made out of funds appropriated above.

15. **Use of Additional Federal Funds.** The Commission on Alcohol and Drug Abuse shall notify the Legislative Budget Board and the Governor of its intent to use federal funds in excess of the amounts specified above. The notification shall identify the amount of the specific grant to be used, indicating if any portion represents a carry forward of federal authority; address the use of funds, indicating the impact on performance measures and FTE levels; and indicate if services and FTEs are temporary or on-going. Written notification shall be submitted at least 14 days prior to any meeting of the Board of Commissioners on Alcohol and Drug Abuse (or any subset thereof) to budget or expend funds in excess of the amounts identified above. Written notification is also required 14 days prior to any decision or action by any agency personnel to budget or expend funds in excess of the amounts identified above.
16. **Advisory Committee Members.** Pursuant to Government Code, § 2110.004, Reimbursement of Expenses, funds appropriated above may be expended to reimburse advisory committee members of the Regional Advisory Consortium. It is the intent of the Legislature that the membership of the Regional Advisory Consortium reflect the diversity of the population served by the Commission on Alcohol and Drug Abuse.
- * 17. **Safe and Drug Free Schools and Communities Act.** Out of funds appropriated above for Strategy A.2.2, Safe & Drug Free Schools, the Commission on Alcohol and Drug Abuse shall administer the Safe and Drug Free Schools and Communities Act. Funding for the strategy shall be provided by the Governor's Criminal Justice Division and shall be reflected in the Commission on Alcohol and Drug Abuse bill pattern as interagency contract receipts. Funding is estimated to be \$6,884,037 for fiscal year 2002 and \$6,889,000 for fiscal year 2003. The Commission on Alcohol and Drug Abuse may enter into agreements with councils of government, school districts or regional education service centers to solicit, review, prioritize or select applications for Safe and Drug Free Schools discretionary grant funds previously administered by the Governor's Criminal Justice Division.
18. **Criminal Justice/Substance Abuse Initiative.** The commission shall transfer \$6,500,000 for the biennium for the Treatment Alternative to Incarceration Program to the Texas Department of Criminal Justice for the provision of substance abuse treatment programs for probationers.
19. **Addiction Recovery Center.** Out of the federal grant funds appropriated by this Act in Strategy A.1.3, Treatment, designated for Region I, the Commission on Alcohol and Drug Abuse shall expend \$50,000 in each fiscal year of the 2002–03 biennium to fund an established addiction recovery center for college students in Region I.

*Italicized text corrected.

COMMISSION FOR THE BLIND

	For the Years Ending	
	August 31, 2002	August 31, 2003
A. Goal: INDEPENDENT LIVING		
To assist Texans who are blind or visually impaired to live as independently as possible consistent with their capabilities.		
Outcome (Results/Impact):		
Percent of Consumers Whose Dependent Living Risk Was Diminished		
	98%	98%
A.1.1. Strategy: INDEPENDENT LIVING SKILLS	\$ 1,590,777	\$ 1,611,736
To provide a program of developing independent living skills.		
Output (Volume):		
Number of Consumers Served	3,967	3,967
Efficiencies:		
Average Cost Per Consumer Served	473	473
A.2.1. Strategy: HABILITATIVE SERVICES FOR CHILDREN	\$ 3,106,474	\$ 3,147,637
To provide habilitative services to blind and visually impaired children.		
Output (Volume):		
Number of Children Receiving Habilitative Services	7,965	8,071
Efficiencies:		
Average Cost Per Child Served	429	429
A.2.2. Strategy: BLINDNESS EDUCATION	\$ 529,200	\$ 529,200
Blindness Education, Screening and Treatment Program.		
Output (Volume):		
Number of Individuals Served by Blindness Education, Screening and Treatment (BEST) Program	2,967,345	2,967,345
Efficiencies:		
Average Cost Per Individual Served by Blindness Education, Screening and Treatment (BEST) Program	.2	.2
Total, Goal A: INDEPENDENT LIVING	\$ 5,226,451	\$ 5,288,573
B. Goal: MAINTAIN EMPLOYMENT		
To assist Texans who are blind or visually impaired to secure or maintain employment in careers consistent with their skills, abilities, and interests.		
Outcome (Results/Impact):		
Percent of Consumers Successfully Rehabilitated Who Were Satisfied with Services		
	95%	95%
B.1.1. Strategy: VOCATIONAL REHABILITATION	\$ 35,774,122	\$ 35,605,805
To provide vocational rehabilitation services to persons who are blind or visually impaired.		
Output (Volume):		
Number of Consumers Served	12,358	12,300
Efficiencies:		
Average Cost Per Consumer Served	3,531	3,531
B.1.2. Strategy: BUSINESS ENTERPRISES PROGRAM	\$ 2,406,882	\$ 2,372,882
To provide employment opportunities in the food service industry for persons who are blind and visually impaired.		
Output (Volume):		
Number of Consumers Employed	145	145
Efficiencies:		
Average Program Administration Cost Per Consumer	6,447	6,447

COMMISSION FOR THE BLIND
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B.1.3. Strategy: BUSN ENTERPRISES PROGRAM TRUST FUND	\$	359,147	\$	359,147
To administer trust funds for retirement and benefits program for individuals licensed to operate vending machines under the Business Enterprises Program (estimated and nontransferable).				
Total, Goal B: MAINTAIN EMPLOYMENT	\$	38,540,151	\$	38,337,834
C. Goal: INDIRECT ADMINISTRATION				
C.1.1. Strategy: CENTRAL ADMINISTRATION	\$	1,828,787	\$	1,855,202
C.1.2. Strategy: INFORMATION RESOURCES	\$	947,729	\$	956,503
C.1.3. Strategy: OTHER SUPPORT SERVICES	\$	654,125	\$	666,402
Total, Goal C: INDIRECT ADMINISTRATION	\$	3,430,641	\$	3,478,107
Grand Total, COMMISSION FOR THE BLIND	\$	47,197,243	\$	47,104,514
Method of Financing:				
<u>General Revenue Fund</u>				
General Revenue Fund	\$	3,302,788	\$	3,302,788
Earned Federal Funds		1,411,920		1,411,920
GR for Vocational Rehabilitation		6,468,767		6,458,654
GR Match for Medicaid		95,180		94,819
Subtotal, General Revenue Fund	\$	11,278,655	\$	11,268,181
<u>General Revenue Fund - Dedicated</u>				
Business Enterprises Program Account No. 492		1,128,397		1,128,397
Business Enterprises Program Trust Fund, estimated		359,147		359,147
Subtotal, General Revenue Fund - Dedicated	\$	1,487,544	\$	1,487,544
Federal Funds		34,151,664		34,027,885
<u>Other Funds</u>				
Blind Commission Endowment Fund No. 493		226,163		267,687
Appropriated Receipts		53,217		53,217
Subtotal, Other Funds	\$	279,380	\$	320,904
Total, Method of Financing	\$	47,197,243	\$	47,104,514
Number of Full-Time-Equivalent Positions (FTE):		617.5		617.5
Schedule of Exempt Positions:				
Executive Director, Group 3		\$80,000		\$80,000
Supplemental Appropriations Made in Riders:	\$	221,095	\$	0

- Capital Budget.** None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease Payments to the Master Lease Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the

COMMISSION FOR THE BLIND
(Continued)

purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103.

	<u>2002</u>	<u>2003</u>
a. Repair or Rehabilitation of Buildings and Facilities		
(1) Paint & Remodel Selected Areas of Criss Cole Center	65,000	0
(2) Remodel Administrative Building	150,000	0
(3) Replace HVAC Components-CCRC	28,000	0
(4) Replace Computer Room Air Conditioner	100,000	0
(5) Exterior Building Maintenance-CCRC	\$ 0	\$ 100,000
 Total, Repair or Rehabilitation of Buildings and Facilities	 \$ 343,000	 \$ 100,000
b. Acquisition of Information Resource Technologies		
(1) Automate BEP Facilities Purchase of Computers	120,000	120,000
(2) Replace Outdated Printers	51,000	0
(3) Purchase of Various Software Products	227,734	102,739
(4) Client Service Application	500,000	362,000
(5) Desktop Computer Services	461,000	461,000
(6) Terminal Server	\$ 100,700	\$ 0
 Total, Acquisition of Information Resource Technologies	 \$ 1,460,434	 \$ 1,045,739
c. Transportation Items		
(1) Purchase New Vehicles	\$ 66,000	\$ 66,000
d. Acquisition of Capital Equipment and Items		
(1) Establish and Refurbish Food Service Facilities	\$ 360,000	\$ 340,000
 Total, Capital Budget	 \$ 2,229,434	 \$ 1,551,739

Method of Financing (Capital Budget):

GR Dedicated - Business Enterprise Program		
Account No. 492	\$ 399,600	\$ 379,600
Federal Funds	<u>1,829,834</u>	<u>1,172,139</u>
 Total, Method of Financing	 \$ 2,229,434	 \$ 1,551,739

2. **Central Supply Revolving Fund.** The Commission for the Blind may, under such rules and regulations as deemed necessary, maintain and operate on a reimbursable basis a Central Supply Revolving Fund in order to contribute to the efficiency and economy of the Commission under its control and management. The Central Supply Revolving Fund may be established and operated from funds appropriated to the Commission in such amounts as shall be necessary. All receipts deposited to this Fund are appropriated for the purchase of necessary operating supplies and materials for the biennium ending August 31, 2003. To reimburse the funds from which expenditures are made, the Commission may make fund transfers from the appropriations which receive the supplies, or may submit purchase vouchers through the office of the State Comptroller.
3. **Employee Work Assignments.** Employees assigned to the Criss Cole Rehabilitation Center or to special project facilities operated by the agency may, to the extent required for the effective direct provision of services to clients, be excepted from usual state policies regarding working hours, working days, and holidays. Insofar as possible, the work days and work hours of such employees shall be determined according to a system comparable to that used by other

COMMISSION FOR THE BLIND

(Continued)

state-operated special schools, hospitals, institutions or other facilities providing residential services to eligible individuals.

4. **Reimbursement of Services.** In order to reimburse equitably the appropriation items hereinabove made from which expenditures are made for services to employees and guests of the Criss Cole Rehabilitation Center or other residential facilities operated by the Commission for the Blind, the Commission for the Blind shall establish such reimbursement rates and rules as might be necessary to assure reimbursement at rates not less than the rates of reimbursement required by institutions, agencies or offices under the jurisdiction of the Board of Health, Board of Mental Health and Mental Retardation and the Texas Youth Commission.
5. **Appropriation of Federal Medicaid Receipts.** The Commission for the Blind shall certify and/or transfer appropriated state funds to the Texas Medicaid Single State Agency so that federal financial participation can be claimed for Medicaid services. Such federal receipts are hereby appropriated to the commission to provide rehabilitative services to blind and visually impaired children.
6. **Reimbursement of Advisory Committee Members.** Pursuant to VTCA, Government Code § 2110.004, reimbursement of expenses for Advisory Committee Members, out of funds appropriated above, is limited to the following advisory committees: State Independent Living Council, Elected Committee of Managers, Optometric Advisory Committee, Medical Advisory Council, and Consumer Advisory Committee.
7. **Notification of Federal Funds Distribution.** The Texas Commission for the Blind shall notify the Legislative Budget Board and the Governor of its intent to redirect General Revenue funds to obtain additional federal funds for the Vocational Rehabilitation program. The Texas Commission for the Blind shall notify the Legislative Budget Board and the Governor at least 14 days prior to the expenditure of more than \$34,223,540 in federal Vocational Rehabilitation funds (CFDA 84.126) included in the method of finance as federal funds above, in either fiscal year 2002 or 2003. Furthermore, it is the intent of the Legislature that no federal funds be drawn and expended by utilizing as matching funds any general revenue funds appropriated for the subsequent state fiscal year. The notification shall include the original purpose and item of appropriation for which the General Revenue Funds were appropriated, and the effect on measures and/or full-time equivalent positions for all affected strategies. The notification shall be made at least 30 days prior to requesting additional federal funding for the Vocational Rehabilitation program.
8. **Appropriation of Donations.** Included in the amounts above in Strategy A.2.2. is \$1,058,000 for the biennium for the Blindness Education, Screening, and Treatment Program, contingent upon the generation of funds through donations. All balances on hand, estimated to be \$221,095, as of August 31, 2001, and all revenues received from donations made in fiscal year 2002 and 2003, in excess of \$1,058,000 as provided by § 521.421 (f) or § 521.422 (b), Transportation Code, are hereby appropriated to the Commission for the Blind for purposes related to the Blindness Education, Screening, and Treatment Program.
9. **Business Enterprises Program Trust Fund.** Amounts above in Strategy B.1.3, Business Enterprises Program Trust Fund, are appropriated to the Blind Commission for the purpose of establishing and maintaining a retirement and benefits plan for blind or visually impaired vendors as defined in the federal Randolph-Sheppard Act (20 USC, §107). Any amounts in addition to the amount identified in Strategy B.1.3, Business Enterprise Program Trust Fund, necessary to make retirement and benefits payments in conformity with the Randolph-Sheppard Act (20 USC, § 107) and Human Resource Code, § 94.016, are hereby appropriated. None of the funds appropriated in Strategy B.1.3, Business Enterprise Program Trust Fund, or through this rider may be transferred to any other strategy. The Commission for the Blind shall report quarterly on deposits into and expenditures out of, including identification of the purpose for the expenditure, to the Legislative Budget Board, the Governor, and the Comptroller of Public Accounts.

COMMISSION FOR THE BLIND
(Continued)

10. **Earned Federal Funds.** The method of financing item, Earned Federal Funds, for appropriations made above, includes unexpended and unobligated balances of Earned Federal Funds remaining as of August 31, 2001, and receipts earned in fiscal years 2002 and 2003. The appropriation of Earned Federal Funds is limited to the sum of fiscal year 2002 and fiscal year 2003 identified above. Unexpended balances in Earned Federal Funds at the close of the fiscal year ending August 31, 2002, are hereby appropriated to the fiscal year beginning September 1, 2002.

CANCER COUNCIL

	For the Years Ending	
	August 31, 2002	August 31, 2003
Out of the General Revenue Fund:		
A. Goal: CANCER SERVICES		
To ensure that all Texans have prompt access to quality cancer prevention and control information and services in order to increase the number of Texans surviving or never developing cancer.		
A.1.1. Strategy: ENHANCE CANCER SERVICES	\$ 3,552,133	\$ 3,577,142
Mobilize and assist public, private, and volunteer sector agencies and individuals to enhance the availability and quality of cancer prevention and control services and policies.		
Output (Volume):		
Number of Statewide, Regional, and Local Strategic Planning Initiatives Promoted by Direct Council Intervention or Contracts	200	200
Number of People Directly Served by Council-funded Cancer Prevention and Control Activities	502,400	490,000
Number of Health Care and/or Education Professionals Who Receive Council-funded Training or Materials	280,000	280,000
Number of Private and Public Grants Pursued by the Cancer Council and Local Contractors in an Effort to Increase Funding	5	5
Number of Clock Hours Donated to Local Contractors for Public Awareness, Professional Education, and Early Detection Activities	300,000	300,000
Efficiencies:		
Average Cost Per Health Care and/or Education Professional Trained	13	13
Explanatory:		
Annual Age-adjusted Cancer Mortality Rate	159.6	158.5
B. Goal: DIRECT AND INDIRECT ADMINISTRATION		
B.1.1. Strategy: DIRECT AND INDIRECT ADMINISTRATION	\$ 476,711	\$ 451,702
Grand Total, CANCER COUNCIL	<u>\$ 4,028,844</u>	<u>\$ 4,028,844</u>
Number of Full-Time-Equivalent Positions (FTE):	8.0	8.0

CANCER COUNCIL
(Continued)

Schedule of Exempt Positions:

Executive Director, Group 2	\$57,691	\$57,691
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1. **Unexpended Balances.** Any unexpended balances in the appropriations for the fiscal year ending August 31, 2002, may be carried forward into fiscal year 2003 and such balances are hereby appropriated.
2. **Reimbursement of Advisory Committee Members.** Pursuant to VTCA, Government Code § 2110.004, reimbursement of expenses for advisory committee members, out of funds appropriated above, is limited to the following advisory committee: Texas Cancer Plan Advisory Committee.
3. **Public and Private Grants.** The Cancer Council shall identify any appropriate public or private grants for the purpose of receiving and administering such awards to further the goals of the Texas Cancer Plan. The Cancer Council shall report to the Legislative Budget Board and the Governor by July 1, 2002 on its findings and implementation plan to pursue appropriate grant awards as they become available.

CHILDREN’S TRUST FUND OF TEXAS COUNCIL

	For the Years Ending	
	August 31,	August 31,
	2002	2003
A. Goal: CHILD ABUSE PREVENTION		
To promote and provide opportunities so that Texas children can grow to responsible and productive adulthood, free of threats to their dignity, physical safety, and emotional well-being.		
Outcome (Results/Impact):		
Percent of Agency Funds Expended on Direct Prevention Services	87%	88%
A.1.1. Strategy: GRANTS, ASSISTANCE, AND AWARENESS	\$ 1,700,768	\$ 1,700,768
Provide community grants, technical assistance, and public awareness on the prevention of child abuse and neglect.		
Output (Volume):		
Number of Participants in CTF-funded Direct Prevention Programs	26,831	27,200
Number of Grants Awarded	59	45
Efficiencies:		
Average Cost Per Participant in CTF-funded Direct Prevention Programs	60.9	60.9
Average Dollar Amount Per Grant	28,943	37,963
B. Goal: INDIRECT ADMINISTRATION		
B.1.1. Strategy: INDIRECT ADMINISTRATION	\$ 177,863	\$ 177,863
Grand Total, CHILDREN'S TRUST FUND OF TEXAS COUNCIL		
	<u>\$ 1,878,631</u>	<u>\$ 1,878,631</u>

CHILDREN’S TRUST FUND OF TEXAS COUNCIL
(Continued)

Method of Financing:		
GR Dedicated - Children’s Trust Fund of Texas Council		
Operating Account No. 541	\$ 1,778,631	\$ 1,778,631
Interagency Contracts	100,000	100,000
Total, Method of Financing	<u>\$ 1,878,631</u>	<u>\$ 1,878,631</u>
Number of Full-Time-Equivalent Positions (FTE):	4.0	4.0
Schedule of Exempt Positions:		
Executive Director, Group 2	\$53,914	\$53,914

1. **Additional FTE Positions.** None of the funds appropriated above may be used to pay for any full-time equivalent (FTE) position that exceeds the Target established above unless the following conditions are met and written approval is obtained from the Legislative Budget Board:
 - a. The agency shall submit to the Legislative Budget Board a written justification for the new position that includes a job description, salary and budget considerations, and program outcome measures associated with the new position. The Legislative Budget Board may request and the agency shall provide additional information as needed.
 - b. The agency shall submit a written status report to the Legislative Budget Board on a semi-annual basis that describes how the new position was used and progress toward attaining the program outcome measures associated with the new position.
 - c. The agency shall demonstrate full accountability for the use of funds and staff.
2. **Appropriation for Texas Children’s Memorial.** All gifts, grants, and donations made to the Children’s Trust Fund of Texas Council for the purpose of the Texas Children’s Memorial in excess of the amounts appropriated above are hereby appropriated to the Council for the purpose of building the Texas Children’s Memorial. Unless funds are specifically donated for the purpose of the Texas Children’s Memorial, funds may not be expended for that purpose. No revenue received pursuant to marriage license fees or the interest on those fees, and no federal funds, shall be used for the Texas Children’s Memorial.
3. **Provision of Direct Services.** The Children’s Trust Fund of Texas Council’s state plan for expending funds to prevent child abuse and neglect shall emphasize funding for programs that provide direct services such as mentoring, parenting skills, early intervention and prevention, services for high-risk parents, and services to families in crisis.
4. **Limitation on Expenditures.** The Children’s Trust Fund of Texas Council’s expenditures for public awareness efforts relating to child abuse and neglect, including commemoratives and broad-based public relations campaigns, shall be limited to no more than fifteen percent of all funds appropriated to and available for expenditure by the Council during the fiscal year.
5. **Notification of Contracts.** The Children’s Trust Fund of Texas Council shall notify the Governor’s Office of any contracts at least 30 days prior to the contract being enacted. The Governor’s Office shall have 30 days from notification to disapprove any contracts and to notify the Children’s Trust Fund of Texas Council that the contract has not been approved. None of the funds appropriated above may be expended on the contract if the contract is disapproved by the Governor’s Office. If notification from the Governor’s Office is not received, the Children’s Trust Fund of Texas Council may proceed with the contract. The

CHILDREN'S TRUST FUND OF TEXAS COUNCIL

(Continued)

Children's Trust Fund of Texas Council shall not contract with any individual or organization that is a registered lobbyist, nor shall the agency contract with any individual or organization to provide legislative monitoring, bill tracking, or any other service involving the legislature.

6. **Notification of Travel.** None of the funds appropriated above may be used to pay for out-of-state travel on official business by employees or members of the Children's Trust Fund of Texas Council unless the Children's Trust Fund of Texas Council has provided the Legislative Budget Board and the Governor's Office of Budget and Planning with advance written notification about the travel plans. None of the funds appropriated above may be used to pay for travel out of the country for the purpose of conducting business of the agency.
7. **Sunset Contingency.** Funds appropriated above for fiscal year 2003 for the Children's Trust Fund of Texas Council are made contingent on the continuation of the Children's Trust Fund of Texas Council by the Legislature. In the event that the agency is not continued, the funds appropriated for fiscal year 2002 or as much thereof as may be necessary are to be used to provide for the phase out of agency operations.
8. **Limitation on Expenditures for Indirect Administration.** The Children's Trust Fund of Texas Council's expenditures for indirect administration shall be limited to no more than 10 percent of all moneys appropriated to and available for expenditure by the Council during the fiscal year. Indirect administration includes but is not limited to all staffing, travel, information resources, administration of Family Pride Councils, and other operating expenses.
9. **Interagency Contract for Training.** Out of the General Revenue Fund-Dedicated-Children's Trust Fund of Texas Council Operating Account No. 541 amounts appropriated above, expenses for the training of members and staff of the Children's Trust Fund of Texas Council may only be paid under an interagency contract with the Department of Protective and Regulatory Services for the training of members and staff of the Children's Trust Fund of Texas Council.
10. **Quarterly Reporting Requirement.** The Children's Trust Fund of Texas Council shall report quarterly on all expenditures to the Legislative Budget Board, the State Auditor's Office and the Governor. Each report submitted to the Legislative Budget Board, the State Auditor's Office and the Governor pursuant to this provision must be accompanied by any supporting materials requested by the Legislative Budget Board, the State Auditor's Office and the Governor.
11. **Legislative Influence Prohibited.** None of the funds appropriated to the Children's Trust Fund of Texas Council by this Act, regardless of their source or character, shall be used for influencing the passage or defeat of any legislative measure.
12. **Unexpended Balances.** All unexpended balances appropriated to the Children's Trust Fund of Texas for the fiscal year ending August 31, 2002, are hereby appropriated for the same purposes for the fiscal year beginning September 1, 2002.

COMMISSION FOR THE DEAF AND HARD OF HEARING

	For the Years Ending	
	August 31, 2002	August 31, 2003
A. Goal: SERVICES TO INDIVIDUALS		
To promote and regulate an effective system of services to individuals who are deaf or hard of hearing.		
A.1.1. Strategy: CONTRACT SERVICES	\$ 1,110,222	\$ 1,107,744
Contract for or provide communication access services for persons who are deaf or hard of hearing to include but not be limited to communication access, communication access coordination, advocacy, information and referral, coping skills, nutrition, aging issues, reading, parenting, leadership, assistive listening devices, early intervention, and prevention of hearing loss.		
Output (Volume):		
Number of Contact Hours of Communication Access Services Provided	19,440	22,312
A.1.2. Strategy: TRAINING AND EDUCATION	\$ 377,426	\$ 397,404
Ensure the quality of programs and services for persons who are deaf or hard of hearing through training and educational programs and advocacy and ombudsman services.		
Output (Volume):		
Number of Individuals Trained	1,200	1,200
Efficiencies:		
Average Cost Per Camper	233	250
A.1.3. Strategy: TELEPHONE ASSISTANCE	\$ 326,740	\$ 343,240
Ensure equal access to the telephone system for persons with a disability.		
Output (Volume):		
Number of Equipment/Service Vouchers Issued	2,750	3,000
A.2.1. Strategy: INTERPRETERS CERTIFICATION	\$ 185,635	\$ 185,635
Certify and regulate interpreters and regulate the use of interpreters.		
Output (Volume):		
Number of Interpreter Certificates Issued	1,395	1,415
Efficiencies:		
Average Time for Complaint Resolution (Certified Interpreter)	45	45
A.2.2. Strategy: INTERPRETER TRAINING	\$ 30,000	\$ 30,000
Monitor, regulate, and fund training programs for communication access throughout Texas.		
Total, Goal A: SERVICES TO INDIVIDUALS	<u>\$ 2,030,023</u>	<u>\$ 2,064,023</u>
B. Goal: INDIRECT ADMINISTRATION		
B.1.1. Strategy: INDIRECT ADMINISTRATION	\$ 217,143	\$ 217,143
Grand Total, COMMISSION FOR THE DEAF AND HARD OF HEARING	<u><u>\$ 2,247,166</u></u>	<u><u>\$ 2,281,166</u></u>
Method of Financing:		
General Revenue Fund	\$ 1,017,926	\$ 1,017,926
Appropriated Receipts	459,240	468,240
Interagency Contracts	<u>770,000</u>	<u>795,000</u>
Total, Method of Financing	<u><u>\$ 2,247,166</u></u>	<u><u>\$ 2,281,166</u></u>

COMMISSION FOR THE DEAF AND HARD OF HEARING
(Continued)

Number of Full-Time-Equivalent Positions (FTE):	15.0	15.0
Schedule of Exempt Positions:		
Executive Director, Group 2	\$70,000	\$70,000
Supplemental Appropriations Made in Riders:	\$ 210,000	\$ (110,000)

1. **Fund Transfer.** The Texas Commission for the Deaf and Hard of Hearing and the Health and Human Services Commission shall develop an interagency contract for the provision of administrative services to the TCDHH by HHSC. General revenue funds in the amount of \$70,000 in fiscal year 2002 and \$70,000 in fiscal year 2003 shall be transferred from TCDHH to HHSC in accordance with the interagency contract.

2. **Reimbursement of Advisory Committee Members.** Pursuant to VTCA, Government Code § 2110.004, reimbursement of expenses for Advisory Committee Members is limited to the following advisory committees:

Board for Evaluation of Interpreters;
Hard of Hearing Task Force;
Deafness Task Force;
Hispanic Trilingual Interpreting Task Force; and
Educational Interpreting Task Force.

3. **Appropriation: Unexpended Balances in Summer Camp Program.** Any unexpended and unobligated balances remaining as of August 31, 2001, in the appropriation made to the Commission for the Deaf and Hard of Hearing by House Bill 1, Seventy-sixth Legislature, Regular Session, Article IX, General Provisions, Acceptance of Gifts of Money, are hereby appropriated to the Commission, for the biennium beginning September 1, 2001, for the purpose of expenses related to the Commission’s Summer Camp Program.

4. **Specialized Telecommunication Revolving Account.** The Commission for the Deaf and Hard of Hearing is hereby appropriated \$110,000 from the General Revenue Fund to maintain and operate a revolving account for the purpose of administration of the Specialized Telecommunication Program. All receipts deposited to the account as reimbursement for administrative costs are appropriated to the agency. None of the funds appropriated for the Specialized Telecommunication Program may be expended in strategies other than A.1.3, Telephone Assistance. Any balances remaining in the account at the end of the fiscal year may be appropriated for the second year of the biennium. At the end of the biennium reimbursements shall be used to repay the General Revenue Fund and close out the revolving account established for the biennium, pursuant to the provisions of VTCS, Article 1446C § 3.601.

5. **Appropriation: Unexpended Balances in Interagency Contracts (IAC) for Administrative Fees.** Unexpended and unobligated balances remaining as of August 31, 2001 up to \$100,000 in the appropriation of Interagency Contracts for Administrative fees made to the Commission for the Deaf and Hard of Hearing by House Bill 1, Seventy-sixth Legislature, for the purpose of specialized projects for individuals who are hard of hearing, are hereby appropriated to the Commission, for the biennium beginning September 1, 2001, and any unexpended balances remaining as of August 31, 2002 are appropriated for the same purpose for the fiscal year beginning September 1, 2002.

6. **Unexpended Balances for the Board of Evaluation of Interpreters (BEI) Program.** Unexpended and unobligated balances in an amount not to exceed \$40,000 remaining as of August 31, 2002, in certification fees for Strategy A.2.1, Interpreters Certification, made to the Texas Commission for the Deaf and Hard of Hearing, are hereby appropriated to the

COMMISSION FOR THE DEAF AND HARD OF HEARING
(Continued)

Commission, for fiscal year 2003 beginning September 1, 2002, for the purpose of developing evaluation materials, validating interpreter evaluation materials, and expenses related to the Commission's Certification Program.

7. **BEI Test License and Marketing.** The Commission for the Deaf and Hard of Hearing is authorized to license any tests that it develops in its Board of Evaluation of Interpreters Program and may sell these tests to other governmental agencies or interested parties. Any revenue generated from these sales is hereby appropriated to the Commission for the Deaf and Hard of Hearing (estimated to be zero).

INTERAGENCY COUNCIL ON EARLY CHILDHOOD INTERVENTION

	For the Years Ending	
	August 31, 2002	August 31, 2003
A. Goal: CHILDREN AT RISK OF DELAY		
The Interagency Council on Early Childhood Intervention ensures that all children in Texas below the age of three who have developmental needs or are at risk of developmental delay and their families have the resources and supports they need to reach their Individualized Family Service Plan goals.		
Outcome (Results/Impact):		
Percent of Population under Age Three Served	3%	3%
A.1.1. Strategy: ECI ELIGIBILITY AWARENESS	\$ 627,869	\$ 627,869
Conduct statewide activities which ensure that eligible infants, toddlers and their families are identified and families have access to information about the importance of early intervention and how to receive the resources and supports they need to reach their service plan goals.		
Output (Volume):		
Number of Referrals Made to Local Programs	40,272	44,520
A.1.2. Strategy: ADMINISTER SYSTEM OF SERVICES	\$ 80,176,903	\$ 79,890,208
Administer a statewide system of services which ensure that eligible infants, toddlers and their families have access to the resources and supports they need to reach their service plan goals.		
Output (Volume):		
Number of Children Served in Comprehensive Services	36,604	36,604
Efficiencies:		
Average Cost Per Child: Comprehensive Services State and Federal Funds	2,126	2,117
A.1.3. Strategy: ENSURE QUALITY SERVICES	\$ 1,326,033	\$ 1,326,033
Ensure the quality of early intervention services by offering training and technical assistance, establishing service and personnel standards, and evaluating consumer satisfaction and program performance.		
Output (Volume):		
Number of Training and Technical Assistance Events Provided	180	180
A.1.4. Strategy: ELIGIBILITY DETERMINATION SERVICES	\$ 18,304,573	\$ 18,260,252
Provide eligibility determination services to		

INTERAGENCY COUNCIL ON EARLY CHILDHOOD INTERVENTION
(Continued)

all referred children to determine eligibility
for comprehensive and follow along services.

Output (Volume):

Number of Children Receiving Eligibility Determination
Services 44,321 44,321

Total, Goal A: CHILDREN AT RISK OF DELAY \$ 100,435,378 \$ 100,104,362

B. Goal: RESPITE CARE FOR FAMILIES

Ensure respite care for families.

B.1.1. Strategy: RESPITE CARE 500,000 500,000
Coordinate respite care resources.

Output (Volume):

Number of Children Receiving Respite Services 833 833

Efficiencies:

Average Cost Per Child: Respite Services 1,200 1,200

C. Goal: INDIRECT ADMINISTRATION

C.1.1. Strategy: INDIRECT ADMINISTRATION 1,278,827 1,277,382

Grand Total, INTERAGENCY COUNCIL ON EARLY
CHILDHOOD INTERVENTION \$ 102,214,205 \$ 101,881,744

Method of Financing:

General Revenue Fund

General Revenue Fund 34,820,978 34,820,978
GR Match for Medicaid 820,081 820,081

Subtotal, General Revenue Fund \$ 35,641,059 \$ 35,641,059

Federal Funds 61,454,435 54,887,306

Interagency Contracts - Transfer from Foundation School Fund
No. 193 5,118,711 11,353,379

Total, Method of Financing \$ 102,214,205 \$ 101,881,744

Number of Full-Time-Equivalent Positions (FTE): 66.0 66.0

Schedule of Exempt Positions:

Executive Director, Group 3 \$68,000 \$68,000

1. Capital Budget. None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease Payments to the Master Lease Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103.

2002 2003

Out of Federal Funds:

a. Acquisition of Information Resource Technologies

(1) ECI Statewide Centralized Data Base \$ 320,072 \$ 205,072

Total, Capital Budget \$ 320,072 \$ 205,072

INTERAGENCY COUNCIL ON EARLY CHILDHOOD INTERVENTION

(Continued)

2. **Reimbursement of Advisory Committee Members.** Pursuant to VTCA, Government Code § 2110.004, reimbursement of expenses for advisory committee members, out of funds appropriated above, is limited to the following advisory committee: Advisory Committee to the Interagency Council on Early Childhood Intervention.
3. **Reporting and Other Requirements.** The Interagency Council on Early Childhood Intervention, in coordination with the Health and Human Services Commission, shall maintain procedures and monitor contractors for compliance to ensure that third-party resources and Medicaid are billed for eligible services prior to use of state appropriations and federal Individuals with Disabilities Education Act (IDEA), Part C funds. The agency shall submit reports to the Legislative Budget Board, the Governor, and the Health and Human Services Commission, that provide the information about the enrolled children and funded services. The timetable, format and content of the reports shall be prescribed by the Legislative Budget Board.
4. **Funding for the Interagency Council on Early Childhood Intervention (ECI).**
 - a. Within the biennium, if it becomes necessary in order to qualify for federal funds, the Executive Director of the Interagency Council on Early Childhood Intervention (ECI) shall certify, by February 1 of each fiscal year of the biennium, to the Commissioner of Health and Human Services that revenues needed to continue to serve all eligible children will exceed available revenue. The Commissioner of Health and Human Services shall evaluate the projected need and make a determination within 30 days as to whether a transfer of funds will be necessary. The Interagency Council on Early Childhood Intervention (ECI) shall supply the following information to the Legislative Budget Board, the Governor, and the Commissioner of Health and Human Services at the time of any authorization of additional need:
 - (1) caseload and average cost projections showing the additional need;
 - (2) an evaluation of other possible available funding sources that ECI has considered, including federal education funding at the Texas Education Agency, other federal funding sources, and any other possible source;
 - (3) an evaluation of the availability and continuation of local funding sources to address the funding need: and
 - (4) documentation of the agency's efforts to seek additional funding based on:
 - i. cost-sharing by clients;
 - ii. cost control measures;
 - iii. maximizing coverage under Medicaid and the Children's Health Insurance Program;
 - iv. third party recovery;
 - v. examining the developmental delay criteria; and
 - vi. maximizing local commitments.

All transfers made shall be subject to the prior approval of the Governor and Legislative Budget Board.

- b. Prior to expenditure in fiscal year 2003 of \$11,353,379 in funds received through interagency contract with the Texas Education Agency, the agency shall provide the documentation referenced in section (4) above. Use of funds in fiscal year 2003 shall be subject to the prior approval of the Governor and the Legislative Budget Board.
- c. It is the intent of the Legislature that the Interagency Council on Early Childhood Intervention maintain procedures for the selection of providers and renewal of provider contracts based on "best value" practices which maximize the use of federal, private, and local funding.

INTERAGENCY COUNCIL ON EARLY CHILDHOOD INTERVENTION
(Continued)

5. **Respite Care for Families.** It is the intent of the Legislature that any General Revenue Funds or Tobacco Settlement Receipts appropriated for the biennium for the purpose of providing respite care for families shall not be included in the State’s maintenance of effort (MOE) for the federal Individuals with Disabilities Education Act (IDEA), Part C grant.
6. **Education Funding.** Included in the Method of Financing in Other Funds above is \$5,118,711 in fiscal year 2002 and \$11,353,379 in fiscal year 2003 set aside from the Special Education Allotment and transferred to the Interagency Council on Early Childhood Intervention to support eligibility determination.

The Interagency Council on Early Childhood Intervention is hereby required to enter into a Memorandum of Understanding with the Texas Education Agency for the purpose of providing funds to ECI contractors for eligibility determinations services, as specified. The Memorandum of Understanding may include other provisions the agencies deem necessary. The Interagency Council shall provide a signed copy of the Memorandum of Understanding to the Legislative Budget Board and the Governor, no later than October 1, 2001.

7. **Medicaid Billing of Developmental Services.** Contingent upon federal approval of the Medicaid State Plan Amendment to include reimbursement for developmental services provided by Early Childhood Intervention Specialists, the Interagency Council shall, in coordination with the Health and Human Services Commission, develop procedures and monitor contractors for compliance to ensure that local providers bill Medicaid for developmental services provided by Early Childhood Intervention Specialists prior to use of state appropriations and resources and federal Individuals with Disabilities Education Act (IDEA) Part C funds. The agency shall submit quarterly reports to the Legislative Budget Board, Governor and Health and Human Services Commission to include, but not limited to, the number of billings submitted for reimbursement by Medicaid for all early intervention services and in particular developmental services provided by Early Childhood Intervention Specialists, the number of bills approved for Medicaid reimbursement and the amounts received in Medicaid reimbursements by local contractors and any additional information as prescribed by the Legislative Budget Board. Contingent upon federal approval of the Medicaid State Plan Amendment to include development services provided by Early Childhood Intervention Specialists, the Interagency Council on Early Childhood Intervention shall develop and implement procedures for reducing allocations to local providers based on projected Medicaid reimbursements.
8. **Informational Rider - Tobacco Settlement Receipts.** This rider is informational only and does not make any appropriations. In addition to the amounts appropriated above, the Interagency Council on Early Childhood Intervention also receives appropriations in Article XII. Amounts appropriated in Article XII are for the following program in the following amounts:

	For the Years Ending	
	August 31,	August 31,
	<u>2002</u>	<u>2003</u>
<u>Tobacco Settlement Receipts</u>		
Interagency Council on Early Childhood Intervention - Respite Care		
B.1.1. Strategy: Respite Care	\$ 500,000	\$ 500,000 & UB

DEPARTMENT OF HEALTH

	For the Years Ending	
	August 31, 2002	August 31, 2003
A. Goal: PREVENTION & PROMOTION		
Ensure that prevention, promotion and education are integral parts of all public health services. Reduce health hazards, support resistance to health threats and promote disease control. Promote individual and community involvement in improving personal and environmental health.		
Outcome (Results/Impact):		
Percentage of Inspected Entities in Compliance with Statutes and/or Rules	80%	80%
Percentage of Eligible WIC Population Served	70%	70%
Percent of AIDS Cases Diagnosed Two Years Ago and Living 24 Months or More	88%	88%
Vaccination Coverage Levels among Children Aged 19 to 35 Months	82%	85%
A.1.1. Strategy: BORDER HEALTH & COLONIAS Develop and implement programs designed to assist in the reduction of consumer, environmental, occupational and community health hazards along the Texas/Mexico border and in the “colonias” in a binational effort that coordinates with local providers and community leaders.	\$ 1,120,902	\$ 1,120,902
A.1.2. Strategy: FOOD (MEAT) & DRUG SAFETY Design and implement uniform and effective programs to ensure the safety of food, drugs, and medical devices.	\$ 17,639,389	\$ 17,639,388
Efficiencies:		
Average Cost Per Surveillance Activity	173	173
A.1.3. Strategy: ENVIRONMENTAL HEALTH Develop and implement comprehensive, uniform and effective risk assessment and risk management programs in the areas of consumer products, occupational and environmental health, and community sanitation.	\$ 6,845,496	\$ 6,845,496
Output (Volume):		
Number of Enforcement Actions Initiated	5,960	5,930
Efficiencies:		
Average Cost Per Surveillance Activity	161	161
A.1.4. Strategy: RADIATION CONTROL Develop and implement a comprehensive regulatory program for all sources of radiation using risk assessment and risk management techniques.	\$ 7,280,819	\$ 7,280,819
Efficiencies:		
Average Cost Per Surveillance Activity	228	228
A.2.1. Strategy: WIC FOOD & NUTRITION SERVICES To provide nutrition services, including benefits, to eligible low income women, infants and children (WIC) clients, nutrition education and counseling.	\$ 542,480,374	\$ 558,980,374
Output (Volume):		
Number of WIC Participants Provided Nutritious Food Supplements Per Month	772,900	783,738
Efficiencies:		
Average Food Costs Per Person Receiving Services	27.42	28.02

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(Continued)

Explanatory:			
Incidence (Percent) of Low Birth Weight Babies Born to Women, Infants and Children (WIC) Nutrition Program Mothers			
	5.3%		5.3%
A.3.1. Strategy: HIV & STD EDUCATION & SERVICES	\$	103,351,661	\$ 103,351,662
Provide HIV and STD education to prevent the spread of infection, identify individuals infected with or exposed to HIV/STD, provide HIV/STD medications, and link infected and exposed individuals to health and social service providers for intervention.			
Output (Volume):			
Number of Persons Served by the HIV Medication Program			
	12,100		12,100
A.3.2. Strategy: IMMUNIZATIONS	\$	33,721,033	\$ 33,721,033
Implement programs to immunize Texas residents.			
Output (Volume):			
Number of Doses Administered			
	7,771,507		7,771,507
Explanatory:			
Dollar Value (in Millions) of Vaccine Provided by the Federal Government			
	78		78
A.3.3. Strategy: PREVENTABLE DISEASES	\$	61,188,019	\$ 60,089,590
Implement programs to reduce the incidence of preventable health conditions such as zoonotic diseases (including tuberculosis) and dental disease, and to improve epidemiological activities to track reductions.			
Output (Volume):			
Number of Diabetes-related Technical and Educational Consultations and Preventive Activities Provided			
	322,139		336,043
A.3.4. Strategy: CHRONIC DISEASE SERVICES	\$	29,220,159	\$ 23,070,159
Provide prompt service and/or referral of all eligible applicants for chronic disease services.			
Output (Volume):			
Number of Kidney Health Clients Provided Services			
	21,379		22,876
A.3.5. Strategy: TOBACCO EDUCATION AND PREVENTION	\$	1,207,016	\$ 1,207,015
Develop and implement a statewide program to provide education, prevention and cessation in the use of cigarettes and tobacco products.			
A.3.6. Strategy: CHILDREN AND PUBLIC HEALTH	\$		\$
Issue grants to local communities for essential public health services to reduce health disparities and to improve health outcomes.			
Total, Goal A: PREVENTION & PROMOTION	\$	804,054,868	\$ 813,306,438

B. Goal: MEDICAID SERVICES			
Develop a comprehensive approach to integrate certain Medicaid services with other service delivery programs.			
B.1.1. Strategy: MEDICAL TRANSPORTATION	\$	53,173,773	\$ 61,662,428
Provide non-ambulance transportation for eligible Medicaid recipients to and from providers of Medicaid services.			
B.1.2. Strategy: TEXAS HEALTH STEPS (EPSDT) MEDICAL	\$	73,974,825	\$ 76,397,737
Provide access to comprehensive diagnostic/treatment services for eligible clients by maximizing the use of primary			

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(Continued)

prevention, early detection and management of health care in accordance with all federal mandates.

B.1.3. Strategy: TEXAS HEALTH STEPS (EPSDT)

DENTAL	\$	193,801,827	\$	199,659,741
Provide dental care in accordance with all federal mandates.				

Total, Goal B: MEDICAID SERVICES	\$	320,950,425	\$	337,719,906
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C. Goal: HEALTH CARE STANDARDS

Assure the highest quality services to all Texans across the care continuum. Respond promptly to the public's needs and concerns about health professionals and health facilities.

Outcome (Results/Impact):

Percentage of Licensed, Certified, Registered, Permitted, or Documented Professionals out of Compliance with State Regulations

		1.79%		1.15%
C.1.1. Strategy: HEALTH CARE STANDARDS	\$	11,034,094	\$	11,034,589

Implement programs to ensure timely, accurate issuance of licenses, certifications, permits, documentations and placing on a registry for health care professionals and implement cost-effective, efficient, consistent plan to license/certify and provide technical assistance to health care facilities.

Output (Volume):

Number of Health Care Professionals Licensed, Permitted, Certified, Registered, or Documented		108,214		109,136
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Number of Complaint Investigations Conducted		942		972
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C.2.1. Strategy: LABORATORY	\$	21,930,919	\$	22,021,921
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Operate a state-of-the-art reference laboratory to provide essential support to disease prevention and other TDH associateship programs in the isolation, identification, detection and verification of living/nonliving agents which cause disease and disabilities.

Output (Volume):

Work Time Units Produced		14,823,000		14,823,000
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C.2.2. Strategy: LABORATORY-BOND DEBT SERVICE	\$	3,143,461	\$	3,141,118
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Reference laboratory - bond debt service.

Total, Goal C: HEALTH CARE STANDARDS	\$	36,108,474	\$	36,197,628
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D. Goal: EQUITABLE ACCESS

Work to eliminate disparities in health status among all population groups. Reduce rates of diseases and conditions which disproportionately affect minority populations. Allocate public health resources in a rational and equitable manner. Promote equitable access to quality health care and public health education for all populations through private providers, public clinics, and/or private-public cooperative ventures.

Outcome (Results/Impact):

Number of Infant Deaths Per Thousand Live Births (Infant Mortality Rate)		6		5.9
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Percentage of Low Birth Weight Births		7.5%		7.6%
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Number of Pregnant Females Age 13-19 Per Thousand (Adolescent Pregnancy Rate)		65		65
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Percent Reduction in the Number of Births to Adolescents Age 13-17 in Communities Funded for Abstinence Education Programs of Children Who Participate in Program		1%		1%
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(Continued)

D.1.1. Strategy: WOMEN AND CHILDREN'S HEALTH SRVS	\$	50,803,971	\$	40,211,624
Provide easily accessible, quality and community-based maternal and child health services to low-income women, infants, children and adolescents.				
Output (Volume):				
Number of Infants and Children Age 1-20 Years Provided				
Services		77,345		60,094
Number of Women Provided Services		81,748		65,398
D.1.2. Strategy: FAMILY PLANNING	\$	65,449,974	\$	65,831,011
Increase family planning services throughout Texas for adolescents and women.				
Output (Volume):				
Number of Adults and Adolescents Receiving Family Planning Services		401,092		399,148
Efficiencies:				
Average Annual Cost Per Family Planning Client		166.31		166.31
D.1.3. Strategy: SPECIAL NEEDS CHILDREN	\$	33,197,517	\$	39,697,517
Administer the Chronically Ill and Disabled Children's (CIDC) and Children with Special Health Care Needs (CSHCN) Program.				
Output (Volume):				
Number of Children with Special Health Care Needs - CSHCN (CIDC) - Receiving Case Management Services		64,210		64,852
D.1.4. Strategy: ABSTINENCE EDUCATION	\$	6,421,575	\$	6,421,575
Increase abstinence education programs in Texas.				
Output (Volume):				
Number of Persons Served in Abstinence Education Programs		138,156		138,156
D.2.1. Strategy: COMMUNITY HEALTH SERVICES	\$	17,035,586	\$	17,035,586
Develop systems of primary and preventive health care delivery to alleviate the lack of health care in underserved areas of Texas; and develop and implement program policies that are sensitive and responsive to minority populations.				
Output (Volume):				
Number of CPH Eligible Patients Provided Access to Primary Care Services		80,000		80,000
D.2.2. Strategy: RURAL HEALTH CARE ACCESS	\$	<u>2,186,917</u>	\$	<u>2,186,917</u>
Develop programs to alleviate the lack of access to primary and preventive health care in rural areas of Texas.				
Output (Volume):				
Number of Primary Care Practitioners Recruited to Rural Communities		50		50
Total, Goal D: EQUITABLE ACCESS	\$	<u>175,095,540</u>	\$	<u>171,384,230</u>

E. Goal: COORDINATED HEALTH SYSTEM
Establish a coordinated and unified statewide system of public health. Promote the development of competent and effective health leadership throughout the state, focusing on local level development. Coordinate public health policy and service delivery with state agencies, local government, public and private sectors, and the public.

Outcome (Results/Impact):				
Percentage of Reported Cases of Tuberculosis That Are Treated Appropriately		100%		100%
E.1.1. Strategy: VITAL STATISTICS SYSTEM	\$	3,585,407	\$	3,585,407
Provide a cost-effective, timely and secure system for recording, certifying, and				

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disseminating information relating to births, deaths, fetal deaths, marriages, and divorces occurring in this state.

Efficiencies:

Average Number of Days to Certify or Verify Records		13		12
E.1.2. Strategy: HEALTH DATA & POLICY	\$	2,208,330	\$	2,208,330

Collect, analyze and distribute data concerning health trends, status, and systems as tools for decision-making policy.

Output (Volume):

Number of Requests for Data and Information Completed		3,000		2,900
E.1.3. Strategy: HEALTH CARE & OUTCOMES	\$	1,259,197	\$	1,259,197

Collect, analyze and distribute health care data concerning charges, utilization, provider quality, and outcomes.

Output (Volume):

Number of Requests for Data on Hospitals, Hospital Discharges, Health Maintenance Organizations, or HEDIS Reports Filled		1,920		2,300
E.2.1. Strategy: SUPPORT OF INDIGENT HEALTH SERVICES	\$	17,082,790	\$	17,082,790

Provide support to local governments and tertiary care facilities that provide indigent health care services.

Efficiencies:

Average State Expenditure Per County		270,094		261,000
E.2.2. Strategy: EMERGENCY HEALTH CARE SYSTEM	\$	2,113,603	\$	2,113,603

Develop and enhance regionalized emergency health care systems.

Output (Volume):

Number of Emergency Health Care Providers (EMS Firms, Hospitals, RACS) Assisted through EMS/Trauma System Funding Programs		725		725
E.2.3. Strategy: HEALTHCARE FACILITIES	\$	54,012,473	\$	20,112,473

Provide for more than one level of care for tuberculosis, infectious diseases and chronic respiratory disease patients, provided in systematic coordination among the two hospitals and other health care providers.

Output (Volume):

Number of Inpatient Days, Texas Center for Infectious Disease		26,000		26,000
Number of Outpatient Visits, South Texas Hospital		50,000		50,000
E.2.4. Strategy: PUBLIC HEALTH SERVICES	\$	9,440,261	\$	9,440,261

Coordinate essential public health services at the local level through public health regions and affiliated local health departments, emphasizing community involvement.

E.2.5. Strategy: INDIGENT HEALTH REIMBURSEMENT	\$	20,000,000	\$	20,000,000
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Reimburse the provision of indigent health services through the deposit of funds in the State-owned Multicategorical Teaching Hospital Account.

E.2.6. Strategy: SMALL URBAN HOSP CAP IMPROVEMENTS	\$		\$	
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Provide funding through competitive grants to assist small urban hospitals with capital improvement projects with the goal of increasing access to health care services needed within the community.

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(Continued)

E.2.7. Strategy: RURAL HEALTH CAPITAL IMPROVEMENTS	\$ _____	\$ _____
Provide low interest loans and/or grants to public and non-profit rural health facilities for use in financing capital improvement needs and projects.		
Total, Goal E: COORDINATED HEALTH SYSTEM	\$ <u>109,702,061</u>	\$ <u>75,802,061</u>
F. Goal: INDIRECT ADMINISTRATION		
F.1.1. Strategy: CENTRAL ADMINISTRATION	\$ 12,647,301	\$ 12,677,510
F.1.2. Strategy: INFORMATION RESOURCES	\$ 6,901,399	\$ 6,911,026
F.1.3. Strategy: OTHER SUPPORT SERVICES	\$ 9,527,287	\$ 9,540,513
F.1.4. Strategy: REGIONAL ADMINISTRATION	\$ <u>8,281,278</u>	\$ <u>8,285,124</u>
Total, Goal F: INDIRECT ADMINISTRATION	\$ <u>37,357,265</u>	\$ <u>37,414,173</u>
Grand Total, DEPARTMENT OF HEALTH	\$ <u><u>1,483,268,633</u></u>	\$ <u><u>1,471,824,436</u></u>
Method of Financing:		
<u>General Revenue Fund</u>		
General Revenue Fund	\$ 198,243,540	\$ 197,749,890
GR Match for Medicaid	132,444,382	139,404,226
Earned Federal Funds	4,800,000	4,800,000
GR for Maternal and Child Health Block Grant	40,208,728	40,208,728
GR for HIV Services	27,488,042	27,488,042
Vendor Drug Rebates–Public Health, estimated	6,964,946	814,946
Subtotal, General Revenue Fund	\$ <u>410,149,638</u>	\$ <u>410,465,832</u>
<u>General Revenue Fund - Dedicated</u>		
Vital Statistics Account No. 019	2,612,092	2,612,092
Hospital Licensing Account No. 129	986,289	986,289
Food and Drug Fee Account No. 341	1,289,118	1,289,117
Bureau of Emergency Management Account No. 512	954,389	954,389
Department of Health Public Health Services Fee Account No. 524	6,674,530	6,674,530
Advisory Commission on Emergency Communications Account No. 5007	2,001,200	2,001,200
Crippled Children Account No. 5009	130,000	130,000
Asbestos Removal Licensure Account No. 5017	2,056,358	2,056,358
Workplace Chemicals List Account No. 5020	631,160	631,160
Certificate of Mammography Systems Account No. 5021	439,568	439,569
Oyster Sales Account No. 5022	599,572	599,572
Food and Drug Registration Account No. 5024	3,619,930	3,619,930
State Owned Multicategorical Teaching Hospital Account No. 5049	20,000,000	20,000,000
Animal Friendly Account No. 5032	500,000	0
Health Department Laboratory Financing Fees (formerly 3595)	3,143,461	3,141,118
WIC Rebates (formerly 3597)	181,600,000	187,100,000
Subtotal, General Revenue Fund - Dedicated	\$ <u>227,237,667</u>	\$ <u>232,235,324</u>
Federal Funds	790,525,957	807,580,111

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<u>Other Funds</u>		
Telecommunications Infrastructure Fund No. 345	212,203	0
Appropriated Receipts	2,042,405	2,042,405
State Chest Hospital Fees and Receipts	1,675,000	1,675,000
TDH Public Health Medicaid Reimbursements	8,387,966	8,687,967
Interagency Contracts	9,137,797	9,137,797
Bond Proceeds - General Obligation Bonds	33,900,000	0
Subtotal, Other Funds	<u>\$ 55,355,371</u>	<u>\$ 21,543,169</u>
 Total, Method of Financing	 <u><u>\$ 1,483,268,633</u></u>	 <u><u>\$ 1,471,824,436</u></u>
 Number of Full-Time-Equivalent Positions (FTE):	 5,116.4	 5,116.4
 Schedule of Exempt Positions:		
Commissioner of Health, Group 6	\$155,000	\$155,000

LIMITATIONS ON EXPENDITURES

1. **Capital Budget.** None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease payments to the Master Lease Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103.

	<u>2002</u>	<u>2003</u>
a. Construction of Buildings and Facilities		
(1) Laboratory - Bond Debt Service	3,143,461	3,141,118
(2) Hospital Construction	<u>\$ 33,900,000</u>	<u>\$ 0</u>
Total, Construction of Buildings and Facilities	<u>\$ 37,043,461</u>	<u>\$ 3,141,118</u>
b. Repair or Rehabilitation of Buildings and Facilities		
(1) HIV Building Security System	\$ 25,000	\$ 0
c. Acquisition of Information Resource Technologies		
(1) Wide Area Network Upgrade (BOP 008)	46,745	46,745
(2) LAN Backbone Upgrade (BOP 009)	43,850	43,850
(3) ICES Upgrade (BOP 010)	79,400	28,500
(4) Telecommunications Switch/PBX Expansion (BOP 015)	71,500	71,500
(5) Workstation Replacement Project (BOP 020)	2,985,178	3,084,870
(6) CSHCN Redevelopment (BOP 217)	250,000	100,000
(7) Bureau of HIV & STD Prevention LANs (BOP 507)	500,378	464,072
(8) Birth Defects Monitoring (BOP 520)	192,344	154,144
(9) Cancer Registration (BOP 521)	457,600	130,400
(10) HIV & STD Prevention - Fiber Optic (BOP 531)	523,880	11,568
(11) BVS - Certificate Manager 2003 (BOP 609)	181,192	131,192
(12) BEH - Client / Server Project (BOP 701)	96,000	96,000
(13) WIC EBT (Electronic Benefits Transfer) (BOP WIC Project Over Threshold)	4,089,621	8,528,968
(14) Health Alert Network (BOP HAN Project Over Threshold)	640,000	640,000

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(15) National Electronic Disease Surveillance System (BOP NEDSS Project Over Threshold)	1,059,600	1,059,600
(16) Texas-Wide-Integrated Client Encounter (BOP TWICES Project Over Threshold)	19,000	0
(17) Computer Equipment (WIC Local Clinics)	<u>\$ 1,128,000</u>	<u>\$ 1,128,000</u>
Total, Acquisition of Information Resource Technologies	<u>\$ 12,364,288</u>	<u>\$ 15,719,409</u>
d. Acquisition of Capital Equipment and Items		
(1) Equipment and Furniture for New Laboratory Building	2,100,000	0
(2) Miscellaneous Laboratory Equipment	0	1,282,000
(3) Cytology Laboratory Equipment	103,000	110,000
(4) MLPP for South Texas Hospital Lab Equipment (1998/1999)	<u>\$ 44,323</u>	<u>\$ 44,127</u>
Total, Acquisition of Capital Equipment and Items	<u>\$ 2,247,323</u>	<u>\$ 1,436,127</u>
Total, Capital Budget	<u><u>\$ 51,680,072</u></u>	<u><u>\$ 20,296,654</u></u>
Method of Financing (Capital Budget):		
<u>General Revenue Fund</u>		
General Revenue Fund	\$ 1,908,367	\$ 1,326,688
Earned Federal Funds	21,549	8,075
Subtotal, General Revenue Fund	<u>\$ 1,929,916</u>	<u>\$ 1,334,763</u>
<u>General Revenue Fund - Dedicated</u>		
Vital Statistics Account No. 019	181,192	131,192
Hospital Licensing Account No. 129	17,957	20,188
Bureau of Emergency Management Account No. 512	4,489	0
Department of Health Public Health Services Fee Account No. 524	2,100,000	970,452
Asbestos Removal Licensure Account No. 5017	25,186	25,182
Workplace Chemicals List Account No. 5020	19,200	19,200
Food and Drug Registration Account No. 5024	8,679	0
Permanent Fund Children & Public Health Account No. 5045	0	7,477
Health Department Laboratory Financing Fees (formerly 3595)	3,143,461	3,141,118
Subtotal, General Revenue Fund - Dedicated	<u>\$ 5,500,164</u>	<u>\$ 4,314,809</u>
Federal Funds	10,300,265	13,934,703
<u>Other Funds</u>		
Appropriated Receipts	40,000	50,000
TDH Public Health Medicaid Reimbursements	0	653,406
Interagency Contracts	9,727	8,973
Bond Proceeds - General Obligation Bonds	33,900,000	0
Subtotal, Other Funds	<u>\$ 33,949,727</u>	<u>\$ 712,379</u>
Total, Method of Financing	<u><u>\$ 51,680,072</u></u>	<u><u>\$ 20,296,654</u></u>

2. **Business Improvement Plan.** It is the intent of the Legislature that the Board of Health and the Department of Health shall develop and implement with the assistance of the Health and Human Services Commission, a comprehensive business improvement plan for the Texas

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Department of Health. The plan shall include timelines, benchmarks and projected outcomes for improvement of the department's systems and controls. The plan shall be prepared in a format specified by the Health and Human Services Commission and the State Auditor and shall address elements including:

- a. finance and accounting;
- b. budgeting;
- c. contract and grant management;
- d. administrative information systems; and
- e. other elements determined appropriate by the State Auditor.

An initial assessment report will be due on December 1, 2001, with additional reports due at the end of each state fiscal quarter. The department shall provide a status report on the implementation of the business improvement plan to the Governor, Legislative Budget Board, Legislative Audit Committee, the Health and Human Services Commission, and the State Auditor. The reports shall be prepared in a format specified by the Health and Human Services Commission and the State Auditor and shall include specific information demonstrating the progress made by the department in achieving the goals and objectives of the plan.

The Health and Human Services Commission and the State Auditor shall monitor the implementation of the plan. The Texas Department of Health may enter into a contract for consultant services from a management consultant to assist with the planning and development and evaluation of the elements described above.

3. **Limitation: Medicaid Transfer Authority.** Notwithstanding any other provision of this Act, none of the funds appropriated by this Act to the Texas Department of Health for
 - a. Medicaid Strategies in Goal B; and
 - b. D.1.2. Family Planning

may be transferred to any other item of appropriation or expended for any purpose other than the specific purpose for which the funds are appropriated, however, transfers may be made between Medicaid Strategies in accordance with other provisions in this Act.

4. **Transfer Authority.** Subject to the limitations contained in provisions No. 3, Limitation: Medicaid Transfer Authority, No. 5, Management of Funds in the Children with Special Health Care Needs (CSHCN) Program and No. 6, Laboratory Project, and notwithstanding any other provision, appropriations contained in this Act to the Department of Health may be transferred from one appropriation item to another appropriation item in amounts not to exceed 25 percent of All Funds for the fiscal year, upon approval by the Board of Health and upon request of the Commissioner, subject to the following reporting requirements:
 - a. At least 14 days prior to a meeting of the Board of Health to consider or take action on any transfer of funds between items of appropriation notification shall be made to the Governor and the Legislative Budget Board.
 - b. At least 14 days prior to a meeting of the Board of Health to consider any program expansion, notification shall be made to the Governor and the Legislative Budget Board. Program expansion is defined as any modification of current policy that would result in an increase in services delivered or clients served, including any increase in funds budgeted in the program.
 - c. Notifications shall include information regarding the source of funds to be transferred; any changes in Federal Funds related to the proposed transfer; the strategy from which the transfer is to be made and the strategy to which the transfer is to be made; the need which

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was to be served through the original appropriation and the basis for the decrease in need; the need to be served in the strategy receiving the funds and the basis for such selection and the amounts of funds to be spent on direct client services as opposed to both general and operating support costs. In the event program expansions are under consideration, information shall be forwarded regarding the population to be served; criteria for eligibility; source of funding; and impact on existing programs.

5. **Management of Funds in the Children with Special Health Care Needs (CSHCN)**

Program. Amounts appropriated above to the Department of Health in Strategy D.1.3, Special Needs Children may only be transferred to Strategy E.2.1, Support of Indigent Health Services, to the Health and Human Services Commission Strategy B.2.4, Premium: Children/Medically Needy. Transfers to the Health and Human Services Commission from Department of Health Strategy D.1.3. may only be made if General Revenue is made available by CSHCN-eligible children becoming eligible for Medicaid. Any transfers pursuant to this provision are subject to prior notification to the Legislative Budget Board and the Governor that such a transfer is to take place. Funds may not be transferred from D.1.3, Special Needs Children, if such a transfer would result in a loss of, or reduction in, services or a loss of, or reduction in, persons otherwise eligible for CSHCN services. Notwithstanding any other provisions contained in this Act, no transfers shall be made out of Strategy D.1.1, Women and Children's Health Services. Further, the department shall make expenditures from Strategy D.1.3, Special Needs Children, from state funds in proportion to the source of funds budgeted for the strategy. The department shall report quarterly on compliance with this provision to the Legislative Budget Board and the Governor. The Comptroller of Public Accounts shall monitor compliance with these provisions and establish additional procedures, if necessary.

6. **Laboratory Project.**

- a. Proceeds generated from the sale of the revenue bonds authorized by Article 601d, § 24A(b)11, Vernon's Texas Civil Statutes for the laboratory and office facilities project for the Department of Health are hereby appropriated to the Texas Department of Health, in an aggregate amount not to exceed \$42.3 million, for the purposes specified in that Act.
- b. Funds appropriated pursuant to this section may be transferred to the General Services Commission for project planning and construction.
- c. All receipts generated by the Texas Department of Health from laboratory fees during the 2002–03 biennium are hereby appropriated to the Texas Department of Health for transfer to the Texas Public Finance Authority for the payment of debt services on the project revenue bonds.
- d. Appropriations made out of the General Revenue Fund to the Texas Department of Health in Goal F, Indirect Administration, may be transferred for bond debt service payments only if laboratory fees generated by the laboratory during the biennium are insufficient to support the bond debt service, subject to prior approval of the Governor and the Legislative Budget Board. No funds appropriated to the Department of Health by this Act may be transferred into Goal F, Indirect Administration.

7. **Appropriations Limited to Revenue Collections.** The Board of Health shall review all of the fee schedules within its authority on an annual basis. The Department of Health shall provide a copy of the report summarizing this review to the Legislative Budget Board and the Governor's Office no later than September 1 of each year in the biennium, with a copy of the final report to be submitted no later than January 1 of each year of the biennium. It is the intent of the Legislature that, to the extent feasible, fees, fines and other miscellaneous revenues as authorized and generated by the department cover, at a minimum, the cost of the appropriations made for the programs listed in the table below, as well as the "other direct and indirect costs"

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associated with these programs, appropriated elsewhere in this Act. “Other direct and indirect costs” for these programs are estimated to be \$7,726,282 for fiscal year 2002 and \$8,056,058 for fiscal year 2003. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct that the Comptroller of Public Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available. This rider shall apply to revenues generated in the following strategies and deposited under the following revenue codes or account numbers:

Strategy	Revenue Code or Account
A.1.2. Food (Meat) & Drug Safety	<ul style="list-style-type: none">• 341 Food & Drug Retail Fee• 5022 Oyster Sales• 5024 Food & Drug Registration• Fees deposited into 001 to support Food (Meat) and Drug Safety, including fees deposited under the following revenue codes: 3142 (Food Service Worker Training); 3180 (Health Regulation Fees for Body Piercing and Tattoo Studios, Tanning Facility Fees, and Narcotic Treatment Fees); 3400 (Business Fees-Agriculture, for Renderers Licenses and Milk Industry Products); 3414 (Agriculture Inspection Fees, for Meat Inspection); 3554 (Food and Drug Fees, for Medical Device Wholesalers, Food Drug and Cosmetic Sales, and Frozen Desserts).
A.1.3. Environmental Health	<ul style="list-style-type: none">• 5017 Asbestos Removal Licensure• 5020 Workplace Chemical List• Fees deposited into 001 to support A.1.3, Environmental Health, including fees deposited under the following revenue codes: 3123 (Glue and Paint Sales Permit); 3141 (Bedding Permit Fees); 3175 (Professional Fees, for Code Enforcement Officers); 3180 (Lead-Based Paint Certification Program); 3555 (Hazardous Substance Manufacture); 3562 (Health Related Professions Fees, for Sanitarian Registration and Pesticide Use and Application Program); and 3573 (Health Licenses for Camps, for Migrant Camps and Youth Camps).
A.1.4. Radiation Control	<ul style="list-style-type: none">• 5021 Certificate of Mammography Systems• Fees deposited into 001 to support A.1.4, Radiation Control, including fees deposited under the following revenue codes: 3589 (Radiation Control).
C.1.1. Health Care Standards	<ul style="list-style-type: none">• 129 Hospital Licensing• 512 Emergency Management• Fees deposited into 001, Revenue Codes: 3175 (Professional Fees, for Health Services Providers, Athletic Trainers); 3180 (Health Regulation Fees, for Special Care Facilities); 3557 (Health Care Facilities Fees, for Abortion Clinics, Ambulatory Surgical Centers, Birthing Centers and End Stage Renal Disease Facilities); 3560 (Medical Examination and Registration, for Perfusionists, Medical Radiologic Technicians, and Respiratory Therapists); 3562 (Health Related Profession Fees, for Medical Physicists, Hearing Aid Dispensers, Marriage

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and Family Therapists, Massage Therapists, Respiratory Care Practitioners, Professional Counselors, Dispensing Opticians, Speech Pathologists, Dietitians); 3616 (Social Worker Regulation); and 3727 (Council on Sex Offender Treatment Providers).

E.1.1. Vital Statistics

System

- 019 Vital Statistics

8. **Medicaid and Other Reporting Requirements.**

- a. None of the funds appropriated by this Act to the Texas Department of Health may be expended or distributed by the department unless:
 - (1) the department submits to the Legislative Budget Board and the Governor a copy of each report submitted to the federal government relating to the Medicaid program, the Maternal and Child Health Block Grant (Title V of the Social Security Act), the WIC program (Child Nutrition Act of 1966, as amended). This shall include, but is not limited to:
 - i. expenditure data;
 - ii. caseload data;
 - iii. interest earnings;
 - iv. WIC rebates and Public Health Vendor Drug rebates;
 - v. State plan amendments; and
 - vi. State plan waivers.

Such reports shall be submitted to the Legislative Budget Board and the Governor no later than the date the respective report is submitted to the federal government, and

- (2) the department submits to the Legislative Budget Board and the Governor at the end of each month: (i) a report detailing the Medicaid caseload figures and related expenditure amounts for the preceding month; (ii) a report projecting the anticipated Medicaid caseloads for the 36 months period beginning with first month after the report is due; and (iii) a report detailing the CSHCN caseload figures and related expenditure amounts for the preceding month.
- b. Each report submitted to the Legislative Budget Board and the Governor pursuant to this provision must be accompanied by supporting documentation detailing the sources and methodologies utilized to develop any caseload or cost projections contained in each respective report and any other supporting materials as specified by the Legislative Budget Board and the Governor.
 - c. Each report submitted pursuant to this provision must contain a certification by the person submitting the report, that the information provided is true and correct based upon information and belief together with supporting documentation.
 - d. The Comptroller of Public Accounts shall not allow the expenditure of funds appropriated by this Act to the Texas Department of Health if the Legislative Budget Board and the Governor certifies to the Comptroller of Public Accounts that the Department of Health is not in compliance with this provision.

9. **Earned Federal Funds.** None of the Earned Federal Funds appropriated by this Act to the Department of Health may be expended unless the department reports quarterly to the Comptroller, Legislative Budget Board, and the Governor regarding funds generated which constitute Earned Federal Funds as defined elsewhere in this Act and/or required by the Comptroller to be deposited into Appropriation No. 70000.

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10. **Funding for Abstinence Sexual Education.** It is the intent of the Legislature that funds appropriated in Strategy D.1.4, Abstinence Education, be utilized for the purpose of implementing abstinence sexual education programs to reduce the need for future family planning services for unwed minors. Abstinence education means materials and instruction which:
 - a. present abstinence from sexual activity as the preferred choice of behavior for unmarried persons; and
 - b. emphasize that abstinence from sexual activity, used consistently and correctly, is the only method that is 100 percent effective in preventing pregnancy, sexually transmitted disease, and infection with human immunodeficiency virus or acquired immune deficiency syndrome.
11. **Prohibition on Abortions.** It is the intent of the Legislature that no state funds appropriated under Strategy D.1.2. may be used to pay the direct or indirect costs (including overhead, rent, phones and utilities) of abortion procedures provided by contractors of the department. The department shall include in its financial audit a review of the use of state funds to ensure compliance with this section.
12. **Family Planning.** Of funds appropriated under Strategy D.1.2, Family Planning, no state funds may be used to dispense prescription drugs to minors without parental consent.
13. **Medical Treatment.** The Texas Department of Health may distribute funds for medical, dental, psychological or surgical treatment provided to a minor only if consent to treatment is obtained pursuant to Chapter 32 of the Texas Family Code. In the event that compliance with this rider would result in the loss of Federal Funds to the state, the department may modify, or suspend this rider to the extent necessary to prevent such loss of funds, provided that prior approval is obtained from the Governor and the Legislative Budget Board.
14. **Reporting of Child Abuse.** The Texas Department of Health may distribute or provide appropriated funds only to recipients which show good faith efforts to comply with all child abuse reporting guidelines and requirements set forth in Chapter 261 of the Texas Family Code.
15. **Management of Federal Block Grant Funds and Laboratory Funds.** No later than September 1 of each year of the biennium, the Department of Health shall submit a plan for the use of any federal block grant funds appropriated above to the Legislative Budget Board and the Governor. In addition, the department shall submit a plan for the use of funds appropriated in Strategy C.2.1, Laboratory. These plans will be prepared in a format specified by the Legislative Budget Board. No federal block grants appropriated above may be expended by the department until this plan is approved by the Legislative Budget Board and the Governor. Furthermore, any reallocation of federal block grant funds included in the plan must be approved by the Legislative Budget Board and the Governor.
16. **Educational Leave, Tuition Reimbursement, and Educational Stipend Programs.** None of the funds appropriated above in Goals A through E may be spent for educational programs which provide tuition reimbursement, stipends, or educational leave for department employees, unless the education is directly associated with program activities conducted pursuant to state and federal statutes and is necessary to ensure public health and safety. The Commissioner of Health must provide prior written approval of the educational leave time, the amount of the stipend or tuition reimbursement, and any other educational program benefit provided to a department employee. The amount of tuition or fees paid by the department to an institution of higher education for semester hour credit for a department employee may not exceed the per semester credit hour charged by that institution for in-state tuition. The

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Department of Health shall annually notify the Comptroller, the Legislative Budget Board, and the Governor of any educational expenditures exempted under this section.

17. **Immunization Reporting.** The Department of Health may distribute or provide appropriated funds only to providers and payers that show good faith efforts to comply with all immunization reporting guidelines and requirements set forth in Chapter 161, Health and Safety Code.
18. **Trauma Formula Distribution.** It is the intent of the Legislature that the Department of Health allocate monies from the emergency medical services and trauma care system fund in accordance with Health and Safety Code § 773.122(c). It is further the intent of the Legislature that the Department of Health weight the statutory criteria in such fashion that, in so far as possible, 40 percent of the funds are allocated to urban counties and 60 percent of the funds are allocated rural and frontier counties.
19. **Health Care Facilities.** Funds appropriated above and noted in the Capital Budget rider as Hospital Construction for the purpose of healthcare facilities capital budget items may only be expended for capital budget items in the manner provided for by House Bills 1748 and 3504, Seventy-sixth Legislature. Funds appropriated for these projects may only be expended for each phase of the projects after the Department of Health provides a detailed description of the project phase and cost to the Legislative Budget Board and the Governor prior to implementation of the project phase, and the Legislative Budget Board and the Governor approve the plan.

BUDGET POLICY AND APPROPRIATION MANAGEMENT

20. **Authorization to Receive, Administer, and Disburse Federal Funds.** The appropriations made herein may be used to match Federal Funds granted to the state for the payment of personal services and other necessary expenses in connection with the administration and operation of a state program of health services. Notwithstanding the General Provisions of this Act, the Texas Board of Health is hereby authorized to receive and disburse in accordance with plans acceptable to the responsible federal agency, all federal moneys that are made available (including grants, allotments, and reimbursements) to the state and retain their character as Federal Funds for such purposes, and to receive, administer, and disburse Federal Funds for federal regional programs in accordance with plans agreed upon by the Department of Health and the responsible federal agency, and such other activities as come under the authority of the Texas Board of Health, and such moneys are hereby appropriated to the specific purpose or purposes for which they are granted or otherwise made available. Earned Federal Funds are not considered to be Federal Funds for the purpose of this section.
21. **Medical Assistance Payments and Unexpended Balances.** Funds for Medical Assistance payments appropriated for Medicaid Strategies in Goal B and D.1.2. Family Planning out of the General Revenue Fund for Medicaid services shall be made available to the agency by the Comptroller of Public Accounts in equal monthly installments on the first day of each calendar month; provided, however, that any balances on hand in such funds may be carried over from month to month during each fiscal year and from fiscal year 2002 to fiscal year 2003, and such funds are appropriated to the department for the 2002–03 biennium.
22. **Accounting of Support Costs.** The Comptroller of Public Accounts shall establish separate accounts from which certain support costs shall be paid. The Department of Health is hereby authorized to make transfers into these separate accounts from line item strategies in order to pay for these expenses in an efficient and effective manner. Only costs not directly attributable to a single program may be budgeted in or paid from these accounts. Items to be budgeted in and paid from these accounts include but are not limited to: postage, occupancy costs, equipment repair, telephones, office printing costs, supplies, freight and transport costs, telephone system

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costs and salary and travel costs of staff whose function supports several programs. The department shall be responsible for monthly allocations of these costs to the original strategies.

23. **WIC (Special Supplemental Program for Women, Infants, and Children) Rebates.**

The Department of Health is authorized to receive and expend WIC rebates and interest earnings associated with WIC rebates and such funds are appropriated to the Department of Health. The department shall only expend WIC rebates and interest earnings for the purposes of the WIC program.

BUDGET POLICY AND APPROPRIATION MANAGEMENT, HOSPITAL RELATED

24. **Transfers of Appropriations—State-owned Hospital.** The State Chest Hospital shall transfer from non-Medicaid state appropriated funds \$10,727,572 in fiscal year 2002 and \$10,727,572 in fiscal year 2003 to the Department of Health. The timing and form of such transfers shall be determined by the Comptroller of Public Accounts in consultation with the Department of Health. The Governor and the Legislative Budget Board are authorized to adjust the amounts of such transfers as necessary to match available Federal Funds.

25. **State Healthcare Facility Provisions.** The State Healthcare Facilities (formerly known as State Chest Hospitals) operated by the Department of Health are the South Texas Healthcare Center (formerly known as the South Texas Hospital) and the Texas Center for Infectious Disease. The provisions applying to the State Healthcare Facilities are as follows:

- a. In addition to salary, the Directors of the State Healthcare Facilities are authorized a house, utilities, and supplement from the department's Medical Services Trust Fund.
- b. The professional liability insurance premiums may be paid for physicians employed by the State Healthcare Facilities out of the appropriations from the fees for physician services.
- c. It is the intent of the Legislature that the Department of Health develop interagency agreements with the Texas Department of Mental Health and Mental Retardation (TDMHMR) so that medical and surgical services, auxiliary services, pharmacy and laboratory services and other support services of TDMHMR facilities are provided to the extent possible by the two State Healthcare Facilities. The Texas Center for Infectious Disease shall provide utilities and inpatient treatment and care services to the San Antonio State Hospital and the San Antonio State School without reimbursement.
- d. Out of the funds appropriated above the South Texas Healthcare Center shall support medical education through the South Texas Family Practice Residency Program—McAllen with the cooperation of the University of Texas Health Science Center at San Antonio.
- e. Third party collections (appropriated receipts) collected by the Department of Health State Healthcare Facilities are hereby appropriated to E.2.3, Healthcare Facilities, for the provision of services.

EXPENDITURES SPECIFICALLY AUTHORIZED

26. **Immunization of Employees.** Moneys appropriated above may be expended for any immunization which is required of employees at risk in the performance of their duties.

27. **Professional Liability Insurance Premiums.** From the appropriations made above, the department may also pay the professional liability premiums for those physicians, dentists,

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hygienists, nurses, and other medical personnel involved in providing medical and dental care in the department's clinical operations.

28. **Reimbursement of Advisory Committee Members.** Pursuant to VTCA, Government Code § 2110.004, reimbursement of expenses for advisory committee members, out of funds appropriated above, is limited to the following advisory committees: Family Planning Advisory Council, State Preventive Health Advisory Committee, Oral Health Advisory Committee, and Texas Radiation Advisory Board, and the Texas Traumatic Brain Injury Advisory Council.

Pursuant to VTCA, Government Code § 2110.004, reimbursement of expenses for advisory committee members, out of funds appropriated above, is limited to any advisory committee member who represents either the general public or consumer on the following advisory committees: Prostate Cancer Advisory Committee, Osteoporosis Advisory Committee, Texas HIV Medication Program Advisory Committee, Scientific Advisory Committee on Birth Defects in Texas, Animal Friendly Advisory Committee, Children with Special Health Care Needs Advisory Committee, Device Distributors and Manufacture's Advisory Committee, Sanitarian/Code Enforcement Officer's Advisory Committee, Asbestos Advisory Committee, Wholesale Drug Distributors Advisory Committee, Opticians' Registry Advisory Committee, Medical Radiological Technologist Advisory Committee, Respiratory Care Practitioners Advisory Committee, Governor's Emergency Medical Services and Trauma Advisory Council, Hospital Data Advisory Committee, Indigent Health Care Advisory Committee, Kidney Health Care Advisory Committee, and School Health Advisory Committee.

ADDITIONAL APPROPRIATION AUTHORITY

29. **Appropriation of Radiation and Perpetual Care Security Trust Account 880.** Any revenue collected and deposited in the Radiation and Perpetual Care Security Trust Account during this biennium or any biennium is hereby appropriated beginning with the effective date of this Act.
30. **Appropriation of Receipts: Civil Monetary Damages and Penalties.** Out of funds appropriated above related to civil monetary damages and penalties under Health and Safety Code § 431.047, there are appropriated to the department amounts equal to the costs of the investigation and collection proceedings conducted under that section, and any amounts collected as reimbursement for claims paid by the department.
31. **Unexpended Balances-Prevention and Promotion.** Subject to the approval of the Board of Health, all unexpended balances, including General Revenue and All Funds, not otherwise restricted from appropriations to Goal A: Prevention and Promotion, at the close of the fiscal year ending August 31, 2002, are hereby appropriated for the fiscal year beginning September 1, 2002. The Department of Health shall submit a report to the Legislative Budget Board and the Governor identifying any appropriations carried forward into fiscal year 2003 pursuant to this provision no later than 14 days after Board approval. The report shall be prepared in a format prescribed by the Legislative Budget Board.
32. **Contingent Revenue, Food and Drug Retail Fees.** The Department of Health is hereby appropriated any additional revenues generated in General Revenue–Dedicated Account 341, Food and Drug Retail Fees, above the amounts identified in fiscal years 2002 and 2003 for Account 341 in the Comptroller of Public Accounts' Biennial Revenue Estimate, for the purpose of restaurant inspections. The dollar amounts above are contained in the Comptroller of Public Accounts' Biennial Revenue Estimate 2002–2003 for Revenue Objects deposited into Account 341.
33. **Laboratory Revenue.** The Department of Health is hereby appropriated any additional laboratory revenues, generated in General Revenue–Dedicated Account 524, above the amounts

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identified in fiscal years 2002 and 2003 for Account 524 in the Comptroller of Public Accounts' Biennial Revenue Estimate, for the purpose of laboratory operations. This appropriation does not include any amounts deposited into Revenue Object 3561. The dollar amounts above are contained in the Comptroller of Public Accounts' Biennial Revenue Estimate 2002– 2003 for Revenue Objects deposited into Account 524 and exclude amounts estimated for Revenue Object 3561. Laboratory revenues deposited into Revenue Object No. 3561 are statutorily dedicated for laboratory debt service and may not be used for any other purpose.

34. **Tertiary Care Facility Program.** Pursuant to the provisions of Health and Safety Code § 46.003, out of amounts appropriated above, \$16,693,300 for the biennium in Strategy E.2.1, Support of Indigent Health Services, is contingent upon those amounts being collected and deposited for Tertiary Care into Revenue Object 3963 in the General Revenue Fund, not including amounts deposited into the Multi-categorical Teaching Fund Account.

All funds deposited into General Revenue Fund in Revenue Object 3963, not including amounts deposited into the Multi-categorical Teaching Fund Account, are hereby appropriated to the Department of Health, and the department is authorized to distribute those funds to facilities or transfer some or all those funds to Strategy E.2.1, Support of Indigent Health Services.

In the event that no funds are deposited into Revenue Object 3963 in the General Revenue Fund, not including amounts deposited into the Multi-categorical Teaching Fund Account, the department shall allocate \$1,000,000 in General Revenue in each year of the biennium for Tertiary Care into Revenue Object 3963 from Strategy E.2.1, Support of Indigent Health Services and such funds from Revenue Object 3963 in the General Revenue Fund are hereby appropriated.

35. **Asbestos Revenue.** The Department of Health is hereby appropriated any additional revenues generated in General Revenue–Dedicated, Account 5017, Asbestos Removal Licensure, above \$3,786,000 in fiscal year 2002 and \$3,786,000 in fiscal year 2003, for the purpose of asbestos inspections and regulatory activities. The dollar amounts above are contained in the Comptroller of Public Accounts' Biennial Revenue Estimate 2002–03 for Revenue Object 3175 deposited into General Revenue–Dedicated, Account 5017, Asbestos Removal Licensure.
36. **Additional Appropriation for Quality Patient Care Regulation.** The Texas Department of Health is hereby appropriated for the biennium any revenues above the Biennial Revenue Estimate that are deposited in the General Revenue Fund by the Department of Health under Comptroller Objects 3616, 3560, and 3562 for the purpose of regulating social workers, health-related professionals (marriage and family therapists, dietitians, medical physicists, respiratory care practitioners, and massage therapists), and midwifery training. Funds appropriated in this item may be transferred to the appropriate strategies for the purpose of regulating social workers, health related professionals, and midwifery training.
37. **Zoonosis Surveillance Laboratory.** From funds appropriated above, the department may support the placement of Zoonosis surveillance personnel and equipment to serve Public Health Regions 9 and 10.
38. **State Health Programs Drug Manufacturer Rebates.** The Department of Health is authorized to receive and expend drug rebates and interest earnings associated with Kidney Health Care (KHC) drug rebates and Children with Special Health Care Needs (CSHCN) drug rebates and such funds are appropriated to the Department of Health. The department shall only expend the drug rebates and interest earnings for the purpose of client services for the KHC and CSHCN programs. The department shall establish a preference, within these programs, for the purchase of pharmaceutical products from those manufacturers that participate in the State

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Health Programs Drug Manufacturer Rebate Program for the Children with Special Health Care Needs Program and the Kidney Health Care Program.

OTHER PROVISIONS

39. **Childhood Lead Registry.** Out of funds appropriated above in Strategy A.3.3, Preventable Diseases, a total of \$80,700 in total funds and \$65,000 in General Revenue funds each fiscal year of the 2002–03 biennium shall be used for the Childhood Lead Registry.
40. **Performance of Licensing Entities.** The Department of Health shall provide performance information to the Legislative Budget Board and the Governor no later than December 1 of each year for each board or other entity that licenses, certifies, or registers health professionals attached to or within the purview of the Department of Health. For each board or other entity, the department shall provide the following for the previous fiscal year:
 - a. Number of Professionals Licensed/Certified/Placed on a Registry;
 - b. Number of New License/Certificate Applications Received;
 - c. Total Number of Complaints Received;
 - d. Total Number of Jurisdictional Complaints Resolved; and
 - e. Total Number and Type of Disciplinary Actions Taken.
41. **Performance Reporting for TDH Hospital.** The Department of Health shall submit to the Legislative Budget Board and to the Governor the following information on a quarterly basis regarding hospital performance: revenue collections at the hospital, by payor type; number of inpatient patients served on a monthly basis, by type of service provided; and number of outpatient patients served on a monthly basis, by type of service provided.
42. **Notification of Regional Funds Distribution.** The Department of Health shall notify the Legislative Budget Board and the Governor of the allocation methodology or formula used to allocate funds and provide an impact analysis of any changes from the previous year's formula or percentage allocations, by public health region, at least 30 days prior to allocations made out of funds appropriated above in Strategy D.1.1, Women and Children's Health Services.
43. **Transfer for Health Professions Council.** Out of funds appropriated above in Strategy C.1.1, Health Care Standards, an amount equal to \$14,909 in fiscal year 2002 and \$16,241 in fiscal year 2003 shall be used for transfer to, and expenditure by, the Health Professions Council as the pro-rated assessment of the Health Licensing Division of the Department of Health.
44. **Graduate Medical Education Payments.** In order to maintain Medicaid graduate medical education funding to teaching hospitals or hospital-affiliated clinics, the Department of Health shall enter into a memorandum of understanding with the Commissioner of the Health and Human Services Commission to separate all identified inpatient graduate medical education funds from the Medicaid reimbursement formulas and make separate and direct payments to hospitals or hospital-affiliated clinics that have accredited graduate medical education training programs or which have affiliation agreements with accredited graduate medical education training programs. The payments shall reimburse each hospital or hospital-affiliated clinic's expenditure on graduate medical education, taking into consideration Medicaid volume and number of filled positions in accredited medical residency programs.
45. **Increase Immunization.** The Department of Health (TDH) shall report to the Legislative Budget Board and the Governor no later than September 30 of each year of the biennium on plans to increase immunization rates in Texas, focusing on immunization of pre-school age

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children. It is the intent of the Legislature that this report be used by the department in managing state and federal resources to increase immunization rates. The report shall detail the following:

- a. Methodology used to determine rates of immunization;
 - b. Current immunization rates by geographic region of the state, where available, focusing on areas in which pre-school children are immunized at rates less than the state average;
 - c. Specific approaches planned for the fiscal year of the report to address geographic areas of under-immunization, including:
 - (1) Changes to agency procedures to more effectively reach under-immunized areas.
 - (2) Contracted services and contract provisions to focus on under-immunized areas;
 - (3) Performance measures, relating to increased immunization rates, which will be included in contract provisions; and
 - (4) Estimated cost for each approach; and
 - d. Estimates of the impact that each approach will make individually, and that the approaches will make collectively, to increase immunization rates (for geographic areas when appropriate) and to change other appropriate performance measures.
46. **Osteoporosis Education Program.** Out of the funds appropriated above in Strategy A.3.3, Preventable Diseases, \$250,000 in each fiscal year of the biennium shall be used to implement a program to educate the public regarding the causes and detection of, and treatment for, osteoporosis. At least 50 percent of the operating budget shall be dedicated for public service announcements and other means of public communication.
47. **Rabies Control.** Out of amounts appropriated above, \$4,761,337 is appropriated in each fiscal year to Strategy A.3.3, Preventable Diseases, for zoonotic disease control, including rabies control.
48. **Oyster Sampling and Research.** Out of funds appropriated above in Strategy A.1.2, Food (Meat) and Drug Safety, \$124,000 in fiscal year 2002 and \$130,250 in fiscal year 2003 in the General Revenue–Dedicated, Account 5022, Oyster Sales are allocated for use by the Department of Health to contract with Texas A&M at Galveston, Marine Biology Department, Seafood Safety Laboratory to carry out the particular scientific aspects of research on *Vibrio parahaemolyticus* and *Vibrio vulnificus* in Texas oysters. Also out of funds appropriated above in Strategy A.1.2, Food (Meat) and Drug Safety, \$10,000 in fiscal year 2002 and \$10,000 in fiscal year 2003 in the General Revenue–Dedicated Fund, Account 5022, Oysters Sales are allocated for the purpose of collecting oyster samples necessary for the research project and delivering the oyster samples to the Seafood Safety Laboratory. Appropriation of these funds does not preclude the use of other funds (such as federal or other grants, donations, or awards) to carry out the activities by either the Department of Health or Texas A&M at Galveston, Marine Biology Department, Seafood Safety Laboratory as provided for herein.
49. **Hepatitis A Immunizations in Counties of High Incidence.** Out of funds appropriated above in Strategy A.3.2, Immunizations, the Department of Health shall allocate \$400,000 in fiscal year 2002 and \$400,000 in fiscal year 2003 for the purpose of providing vaccinations against Hepatitis A to preschoolers and adolescents, who are not eligible for Medicaid, and who reside in the following high incidence counties: Bailey, Bee, Bexar, Brown, Cochran, Comal, Dallam, Dallas, Dawson, Deaf Smith, Ector, Gaines, Glasscock, Grayson, Hale, Harris, Hidalgo, Hood, Karnes, Knox, Lamb, Maverick, Medina, Moore, Nueces, Oldham, Potter, Roberts, Runnels, Terry, Travis, Upton, Ward, and Yoakum.
50. **Expenditures Related to School Health.** The Department of Health shall expend the greater of either 3 percent of total expenditures in Strategy D.1.1, Women and Children's

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Health Services, or \$3,241,189 for the biennium in total funds, for the purpose of school health services. Further, the Department of Health shall continue to award new contracts for school health services at the rate of at least two per contract award period of the biennium. Nothing in this provision is intended to require the department to contract with an applicant that does not meet the department’s qualification criteria.

- 51. **Indigent Health Care Technical Assistance.** It is the intent of the Legislature that the Department of Health provide technical assistance to counties as necessary to maximize efficiency in their indigent health care programs, including sharing of best practices in health care purchasing, notifying counties of the availability of federal grants, and improving the delivery of health care services.

- 52. **Use of Community Health Service Funds.** It is the intent of the Legislature that funds appropriated in Strategy D.2.1, Community Health Services, be used solely for the provision of direct primary care services.

- 53. **Dental Provider Participation.** It is the intent of the Legislature that the department should increase the enrollment and participation in the Medicaid program of dental providers. The Commissioner of Health shall certify to the Governor and Legislative Budget Board by July 1, 2002, the amount of change in enrollment of and participation of dental providers in the Medicaid program. The certification must be accompanied by supporting documentation detailing the sources and methodologies which document an increase or other change in enrollment and participation of dental providers in the Medicaid program, as well as any other supporting materials specified by the Legislative Budget Board or the Governor.

- 54. **Regional Trauma Fund Assistance to the Department of Public Safety.** Out of the funds appropriated to the regional advisory councils through the Texas Department of Health in Strategy E.2.2, Emergency Health Care System, the regional advisory councils may provide training for commissioned personnel of the Department of Public Safety’s Traffic Law Enforcement division. The training shall be provided to Department of Public Safety employees who are seeking certification as emergency medical technicians or paramedics and who are participating in the Department of Public Safety’s pilot program.

- 55. **Informational Rider–Tobacco Settlement Receipts.** This rider is informational only and does not make any appropriations. In addition to the amounts appropriated above, the Department of Health also receives appropriations in Article XII. Amounts appropriated in Article XII are for the following Department of Health programs and strategies in the following amounts:

	For the Years Ending	
	August 31, <u>2002</u>	August 31, <u>2003</u>
<u>Tobacco Settlement Receipts</u>		
TDH Children’s Immunizations	2,700,000	2,700,000
A.3.2. Strategy: Immunizations		
 * TDH Newborn Hearing Screening	620,000	620,000
B.1.2. Strategy: Texas Health Steps (EPSDT)		
Medical		
 TDH Debt Service - Health Care Facilities	678,000	3,678,150
 Subtotal, Tobacco Settlement Receipts	<u>\$ 3,998,000</u>	<u>\$ 6,998,150</u>

*Strategy number corrected.

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Permanent Funds

Tobacco Education and Enforcement	\$	9,000,000	\$	9,000,000
A.3.5. Strategy: Tobacco Education and Prevention				
Children & Public Health		4,500,000		4,500,000
A.3.6. Strategy: Children and Public Health				
E.2.4. Strategy: Public Health Services				
EMS and Trauma Care		4,500,000		4,500,000
E.2.2. Strategy: Emergency Health Care System				
Rural Health Facility Capital		2,250,000		2,250,000
E.2.7. Strategy: Rural Health Capital Improvements				
Small Urban Hospitals		1,125,000		1,125,000
E.2.6. Small Urban Hospital Capital Improvements				
Subtotal, Permanent Funds	\$	<u>21,375,000</u>	\$	<u>21,375,000</u>
Total, Tobacco Settlement Receipts - TDH	\$	<u><u>25,373,000</u></u>	\$	<u><u>28,373,150</u></u>

56. **State Owned Multi-categorical Teaching Hospital Account.** Out of funds appropriated above in Strategy E.2.6, Indigent Health Reimbursement, from the State Owned Multi-categorical Teaching Hospital Account 5049 (“Account”), and contingent upon this amount being collected and deposited in the Account, the amount of \$40,000,000 is allocated to the Department of Health for reimbursement to University of Texas Medical Branch at Galveston (UTMB) for the provision of health care services provided to indigent patients. All unexpended balances at the close of the fiscal year ending August 31, 2002, are hereby appropriated for the fiscal year beginning September 1, 2002.

Upon presentation of information supporting UTMB’s claim, the Department of Health shall reimburse UTMB for the health care services provided to indigent patients from the Account established for this purpose. The reimbursement from the Account shall be based upon a rate equal to 90 percent of the Medicaid fee-for-service rate in effect at the time of service for UTMB. This reimbursement shall be made monthly upon the submission to the Department of Health of a statement of the care provided by UTMB to indigent patients. UTMB is authorized to charge patient co-payment amounts for providing health care services, however, UTMB is not entitled to reimbursement for the Account for these co-payment amounts. The Office of the State Auditor will periodically review the statements submitted to the Department of Health for reimbursement from the Account, as well as the disbursement therefrom, to verify compliance with the criteria established herein.

57. **Medically Fragile Children.** Out of funds appropriated above, the Department of Health shall allocate \$500,000 in General Revenue for fiscal year 2002 in Strategy D.1.3, Special Needs Children, for the purpose of continuing the pilot program for medically fragile children. Any unexpended balances as of August 31, 2002, of the amounts appropriated for the pilot program for medically fragile children, may be carried forward into fiscal year 2003.
58. **Appropriation of License Plate Revenue.** Out of funds appropriated above, the Department of Health shall allocate \$500,000 from revenues deposited in the General Revenue–Dedicated Fund, Account 5032, Animal Friendly, under § 828.014 of the Health and

DEPARTMENT OF HEALTH

(Continued)

Safety Code for fiscal year 2002. Any unexpended balances as of August 31, 2002, from the amounts appropriated may be carried forward into fiscal year 2003.

59. **Community Health Initiative.** Out of funds appropriated above in Strategy D.2.1, Community Health Services, the Department of Health shall allocate \$276,574 in General Revenue in fiscal year 2002 and \$276,574 in General Revenue in fiscal year 2003 for a community health initiative mobile health unit program providing basic community health services such as immunizations and health screens in rural areas.
60. **Emergency Care Attendant (ECA) Training.** Out of funds appropriated above, the Department of Health shall allocate \$261,065 in fiscal year 2002 and \$251,065 in fiscal year 2003 for the purpose of providing training grants to local Emergency Medical Services instructors to conduct Emergency Care Attendant courses in or near communities lacking local training resources. The Department of Health shall contract with certified EMS instructors to conduct the 40-hour Emergency Care Attendant courses.
61. **Children with Special Health Care Needs Wraparound Services Allocation.** The Department of Health shall calculate and reserve from transfer pursuant to Rider 5 the amount of General Revenue and Federal Funds needed to provide services to children who are enrolled in the Children's Health Insurance Program and who also are eligible through the Children with Special Health Care Needs Program to receive additional wraparound services not provided in the CHIP benefits package.
62. **Health Care Pilot Program.** Out of funds appropriated above to the Department of Health, in Strategy 4.2.1, Community Health Services, an amount not to exceed \$320,000 in fiscal year 2002 and an amount not to exceed \$270,000 in fiscal year 2003 are allocated to fund a health care pilot program in low income metropolitan areas with a significant percentage of senior citizens.
63. **Trauma System Coordination.** In regions where the department determines access to a trauma system to be inadequate or insufficient, the Department of Health shall coordinate with the Department of Public Safety, the Department of Transportation, and the Regional Advisory Councils to develop and implement protocols and to otherwise enhance the delivery of trauma services in these areas.
64. **Monitor Diabetes and Cardiovascular Health Factors.** The Texas Diabetes Council is directed to monitor diabetes health outcomes such as HbA1c, HDL, triglycerides and other cardiovascular risk factors in their state plan for diabetes treatment, education, and training.
65. **Transfer of Appropriations - Mycobacterial-Mycology Research Lab.** Funds appropriated to the Department of Health under Strategy E.2.3, TDH Hospitals, in accordance with the provisions of House Bill 1748 of the Seventy-sixth Legislature, have been reduced by \$219,435 in General Revenue funds in fiscal year 2002 and by the same amount in fiscal year 2003, and transferred to the mycobacterial-mycology research laboratory formerly of the Texas Center for Infectious Disease to the University of Texas Health Science Center at San Antonio. This transfer shall be a permanent transfer and future appropriations for the mycobacterial-mycology research laboratory should be funded through the University of Texas Health Science Center at San Antonio.
66. **End Stage Renal Disease.** Out of funds appropriated above in Strategy C.1.1, Health Care Standards, to the Department of Health, \$368,000 in General Revenue per year is allocated for the purpose of regulating End Stage Renal Disease facilities.
67. **Telemedicine Pilot Projects.** Out of funds appropriated above to the Department of Health, \$212,203 in fiscal year 2002 is allocated out of the Telecommunications Infrastructure Fund for

DEPARTMENT OF HEALTH

(Continued)

- * telemedicine pilot projects. It is the intent of the Legislature that the Department of Health use \$118,419 of these funds for transfer to and expenditure by *an urban county hospital district and \$93,784 for transfer to and expenditure by* a rural not-for-profit health facility to expand systems of telemedicine services for low-income women. These funds shall be used in a manner consistent with the purposes specified in § 57.046(b) of the Utilities Code. No later than January 1, 2003, the department shall present to the Legislature a report describing the effectiveness of the pilot project.

CONTINGENCY APPROPRIATIONS

68. **Contingency Appropriation for House Joint Resolution 97 and House Bill 3064.** The appropriation of \$33,900,000 in General Obligation Bond Proceeds made above in Strategy E.2.3, Healthcare Facilities, for fiscal year 2002, is contingent upon enactment of House Bill 3064 and enactment of House Joint Resolution 97. The funds shall be used for interim repairs and construction of the Texas Center for Infectious Disease and the South Texas Healthcare Center.
69. **WIC Approved Foods Brochures.** Contingent upon enactment of Senate Bill 945 or similar legislation, the Women, Infant, and Children's Program of the Department of Health's Bureau of Clinical and Nutrition Services is authorized to print the WIC Approved Foods brochures on laminated/plastic coated paper. This is intended to save the program from reprinting and redistributing cost associated with replacing damaged brochures.

*Italicized language was inadvertently omitted from enrolled Bill.

HEALTH AND HUMAN SERVICES COMMISSION

	For the Years Ending	
	August 31,	August 31,
	2002	2003
A. Goal: IMPROVE SERVICE DELIVERY		
The Health and Human Services Commission will improve the effectiveness and efficiency of the delivery of health and human services in Texas.		
Outcome (Results/Impact):		
Number of Interagency Administrative Support Initiatives	21	23
A.1.1. Strategy: SYSTEM INTEGRATION	\$ 6,877,972	\$ 6,789,528
Improve the operations of health and human service agencies in the functional areas of financial services, planning and evaluation, business system operations and coordination of service delivery.		
Output (Volume):		
Number of Guardianship Programs or Alternatives Developed or Enhanced as a Result of HHSC Technical Assistance	15	15
Number of Completed Program Evaluations	7	10
Number of Data Inquiries and/or Data Analysis Requests Completed	156	208
A.1.2. Strategy: TECHNOLOGY GRANTS	\$ 10,000,000	\$ 10,000,000
Total, Goal A: IMPROVE SERVICE DELIVERY	\$ 16,877,972	\$ 16,789,528
B. Goal: MEDICAID		
Improve the efficiency and effectiveness of the state Medicaid system. Develop a comprehensive approach to provide eligible Medicaid client health care services that are integrated with other direct service delivery programs.		
Outcome (Results/Impact):		
Percent of Medicaid Eligible Population Served	59%	59%
Emergency Room Visits Per 1,000 Average Member Months Per Year	955	1,050
Total Medicaid Recipient Months Per Month: Premiums	1,904,048	2,011,256
Total Average Monthly Cost: Premiums	205.27	217.92
Medicaid Subrogation Receipts, Amount Collected (All Funds)	26,260,975	25,813,043
Medicaid Subrogation Receipts as a Percentage of Total Medicaid Services Budget	.35%	.35%
B.1.1. Strategy: STATE MEDICAID OFFICE	\$ 9,401,793	\$ 9,391,931
Set the overall policy direction of the state Medicaid program, and manage interagency initiatives to maximize federal dollars and improve quality of services by serving as the single state Medicaid agency.		
Output (Volume):		
Number of Interagency Medicaid Projects	32	32
Average Number of Consolidated Waiver Clients Per Month	200	200
B.1.2. Strategy: INVESTIGATIONS AND ENFORCEMENT	\$ 9,387,252	\$ 9,387,252
Investigate fraud, waste and abuse in the provision of health and human services, enforce state law relating to the provision of those services, and provide utilization assessment and review of Medicaid's and client assessment.		

HEALTH AND HUMAN SERVICES COMMISSION
(Continued)

Output (Volume):			
Number of Medicaid Providers Excluded from Medicaid Program		350	325
Efficiencies:			
Cost Per Completed Medicaid Provider Investigation		763.6	763.6
B.1.3. Strategy: MEDICAID RATE SETTING FUNCTION	\$	1,667,378	\$ 1,667,378
Administer Medicaid rate setting function.			
Output (Volume):			
Number of Medicaid Rates Overseen by HHSC		40	40
Efficiencies:			
Percent of HCFA-approved Rate Methodology State Plan Amendments		97.5%	97.5%
B.2.1. Strategy: PREMIUMS: AGED & DISABLED	\$	1,640,508,527	\$ 1,545,047,907
Provide medically necessary health care in the most appropriate, accessible, and cost effective setting to Medicaid aged and Medicare-related persons and Medicaid disabled and blind persons.			
B.2.2. Strategy: PREMIUMS: TANF ADULTS & CHILDREN	\$	742,067,849	\$ 680,417,686
Provide medically necessary health care in the most appropriate, accessible, and cost effective setting to Temporary Assistance for Needy Families (TANF) adults and TANF-related children.			
B.2.3. Strategy: PREMIUMS: PREGNANT WOMEN	\$	641,395,588	\$ 550,462,685
Provide medically necessary health care in the most appropriate, accessible, and cost effective setting to Medicaid eligible pregnant women.			
B.2.4. Strategy: PREMIUMS: CHILDREN/MEDICALLY NEEDY	\$	1,935,616,375	\$ 1,924,040,089
Provide medically necessary health care in the most appropriate, accessible, and cost effective setting to newborn infants and Medicaid eligible children above the Temporary Assistance for Needy Families (TANF) income eligibility criteria, and medically needy persons.			
B.2.5. Strategy: MEDICARE PAYMENTS	\$	493,439,852	\$ 522,619,273
Provide accessible premium-based health services to certain Title XVIII Medicare eligible recipients.			
Output (Volume):			
Supplemental Medical Insurance Part B (SMIB) Recipient Months Per Month		391,363	401,147
Efficiencies:			
Average SMIB Premium Per Month		50	51.83
B.2.6. Strategy: EPSDT-COMPREHENSIVE CARE	\$	190,461,981	\$ 210,095,071
Provide diagnostic/treatment services for federally allowable Medicaid services for conditions identified through an EPSDT screen or other health care encounter but not covered or provided under the State Medicaid Plan.			

HEALTH AND HUMAN SERVICES COMMISSION
(Continued)

B.2.7. Strategy: COST REIMBURSED SERVICES	\$	296,491,727	\$	252,629,668
Provide medically necessary health care to Medicaid eligible recipients for services not covered under the insured arrangement including: federally qualified health centers, undocumented aliens, school health and related services.				
Output (Volume):				
Number of Undocumented Aliens Served		6,791		7,470
Efficiencies:				
Average Undocumented Alien Cost Per Month		2,533.67		2,559.01
B.2.8. Strategy: VENDOR DRUG PROGRAM	\$	<u>1,467,905,433</u>	\$	<u>1,658,926,958</u>
Provide prescription medication to Medicaid eligible recipients as prescribed by their treating physician.				
Output (Volume):				
Annual Medicaid Prescriptions Incurred		27,784,015		28,727,517
Efficiencies:				
Average Cost Per Prescription		52.83		57.75
Total, Goal B: MEDICAID	\$	<u>7,428,343,755</u>	\$	<u>7,364,685,898</u>

C. Goal: INSURE CHILDREN

Expand health insurance coverage for uninsured children in Texas.

Outcome (Results/Impact):

Percent of Medicaid-eligible but Previously Unenrolled

Children Who Enroll in Medicaid as a Result of CHIP

Application (Spillover Rate)

C.1.1. Strategy: CHIP PHASE I

Provide health care to certain uninsured

Medicaid-eligible teens through CHIP Phase 1

Medicaid expansion (Operational responsibility)

for this strategy resides at the Texas

Department of Health).

Output (Volume):

Average Children's Health Insurance Program Recipient

Months Per Month: Managed Care

Average Children's Health Insurance Program Recipient

Months Per Month: Non-managed Care

C.1.2. Strategy: SPILLOVER

Provide health insurance to uninsured Medicaid

eligible but unenrolled children who initially

apply for insurance through CHIP (Spillover)

(Operational responsibility for this strategy

resides at the Texas Department of Health).

Output (Volume):

Average Spillover Recipient Months Per Month

C.1.3. Strategy: CHIP PHASE II

Provide health care to uninsured children who

apply for insurance through CHIP Phase II.

Output (Volume):

Average CHIP Phase II Children Recipient Months Per Month

Efficiencies:

Average CHIP Phase II Children Benefit Costs Per

Recipient Month

HEALTH AND HUMAN SERVICES COMMISSION
(Continued)

	C.1.4. Strategy: IMMIGRANT HEALTH INSURANCE	\$	4,189,621	\$	4,816,289
	Provide health care to certain uninsured, legal, immigrant children who apply for insurance through CHIP.				
	Output (Volume):				
	Average Legal Immigrant Children Recipient Months Per Month		8,126		8,557
	Efficiencies:				
	Average Legal Immigrant Benefit Costs Per Recipient Month		98.27		98.27
	C.1.5. Strategy: STATE EMPLOYEE CHILDREN INSURANCE	\$	0	\$	0
	Augment the state’s contributions for dependent health insurance coverage for certain state employees (Operational responsibility for this strategy is shared with the Employees Retirement System).				
	Output (Volume):				
	Average Monthly Number of State Employees Whose Dependent Children Are Enrolled in the State Children’s Insurance Program		5,922		6,218
*	C.1.6. Strategy: SCHOOL EMPLOYEE CHILDREN INSURANCE	\$	0	\$	4,200,000
	Augment the state’s contributions for certain school employees (Operational responsibility for this strategy is shared with the Texas Education Agency).				
*	Total, Goal C: INSURE CHILDREN	\$	502,267,488	\$	527,558,407
	D. Goal: INDIRECT ADMINISTRATION				
	D.1.1. Strategy: INDIRECT ADMINISTRATION	\$	4,652,727	\$	4,601,821
*	Grand Total, HEALTH AND HUMAN SERVICES COMMISSION	\$	7,952,141,942	\$	7,913,635,654
	Method of Financing:				
*	General Revenue Fund	\$	2,311,019	\$	6,511,019
	Premium Credits (State Share), estimated		14,200,000		14,200,000
	Vendor Drug Rebates–Medicaid, estimated		120,827,323		140,529,688
	GR Match for Medicaid		2,754,709,877		2,751,080,689
	Premium Co-Payments, Low Income Children, estimated		8,689,621		9,316,289
	Medicaid Subrogation Receipts (State Share), estimated		1,000,000		1,000,000
	Subtotal, General Revenue Fund	\$	2,901,737,840	\$	2,918,437,685
	Federal Funds		5,033,506,594		4,974,186,726
	<u>Other Funds</u>				
	Telecommunications Infrastructure Fund No. 345		10,798,750		10,899,400
	Appropriated Receipts		166,424		166,424
	Interagency Contracts		5,932,334		5,745,419
	Subtotal, Other Funds	\$	16,897,508	\$	16,811,243
*	Total, Method of Financing	\$	7,952,141,942	\$	7,913,635,654

*Modified per House Bill 3343.

HEALTH AND HUMAN SERVICES COMMISSION
(Continued)

Number of Full-Time-Equivalent Positions (FTE):	612.1	612.1
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Schedule of Exempt Positions:

Commissioner of Health and Human Services, Group 6	\$189,000	\$189,000
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1. **Capital Budget.** None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in the provision as appropriations either for “Lease Payments to the Master Equipment Purchase Program” or for items with an “(MLPP)” notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103.

	2002	2003
a. Acquisition of Information Resource Technologies		
(1) Consolidated Waiver Database	305,000	110,000
(2) Information and Referral Project	341,000	341,000
(3) Compass 21 IV & V	300,000	0
(4) Workstation Replacement	368,872	269,180
(5) Health Care Financing LAN/WAN/VPN Upgrade	\$ 584,200	\$ 150,000
Total, Acquisition of Information Resource Technologies	\$ 1,899,072	\$ 870,180
Total, Capital Budget	\$ 1,899,072	\$ 870,180

Method of Financing (Capital Budget):

Federal Funds	\$ 899,036	\$ 264,590
GR Match for Medicaid	506,536	209,590
Interagency Contracts	493,500	396,000
Total, Method of Financing	\$ 1,899,072	\$ 870,180

2. **Budget Authority for Estimated Pass-through Funds.** In addition to the amounts appropriated above for the Health and Human Services Commission, the commission may establish additional budget authority with Comptroller of Public Accounts to reflect other estimated income except from the General Revenue Fund.
3. **Audit of Medicaid Funds.** All transactions involving the transfer or investment of any funds of the Title XIX Medicaid program, held in trust or reserve for the state by any non-governmental entity shall be subject to audit by the State Auditor's Office.
4. **Reimbursement of Advisory Committee Members.** Pursuant to VTCA, Government Code § 2110.004, reimbursement of expenses for advisory committee members, out of funds appropriated above, is limited to the following advisory committees: Hospital Payment Advisory Committee, Medical Care Advisory Committee, Guardianship Advisory Board, and Information and Referral Project Advisory Committee.
5. **Appropriation of Receipts: Civil Monetary Damages and Penalties.** Included in the General Revenue Funds appropriated above is \$612,000 for the biennium from funds collected as civil monetary damages and penalties under Human Resources Code § 32.039. Any amounts above \$612,000 are hereby appropriated to the Health and Human Services Commission in

HEALTH AND HUMAN SERVICES COMMISSION

(Continued)

amounts equal to the costs of the investigation and collection proceedings conducted under the authority of that section.

6. **Support for Community Resource Coordination Groups (CRCG).** The Health and Human Services Commission (HHSC) is authorized to enter into interagency contracts with health and human services agencies, Texas Youth Commission, and the Texas Education Agency to support the operation of the state office of CRCG. Transfers will be from funds identified by the agencies, based on a formula developed by HHSC. Funds will be transferred at the beginning of each fiscal year. The Health and Human Services Commission shall notify the Legislative Budget Board and the Governor of the amounts to be transferred, by agency, by September 1 of each fiscal year.
7. **Medicaid Fraud Detection.** The Health and Human Services Commission shall report quarterly to the Governor, Legislative Budget Board and the Comptroller of Public Accounts, the referral source of each investigation opened by HHSC, the status of each open case, including those referred to the Office of the Attorney General for further action, and the amounts recovered including monetary and civil penalties collected.
8. **Texas Demographic and Economic Data Survey.** It is the intent of the Legislature that the Health and Human Services Commission develop and administer a Texas Demographic and Economic Survey only in the event that the agency receives a foundation grant, federal grant or donated funds designated for that purpose.
9. **Texas Integrated Funding Initiative.** To continue efforts made related to the Texas Integrated Funding Initiative (TIFI) during the 1998–99 biennium, the following agencies shall each contribute from amounts appropriated elsewhere in this Act, \$70,000 in fiscal year 2002 and \$70,000 in fiscal year 2003 to the Health and Human Services Commission: Department of Mental Health and Mental Retardation, Department of Protective and Regulatory Services, Juvenile Probation Commission, Texas Education Agency, Commission on Drug and Alcohol Abuse, and Texas Youth Commission. Coordination and oversight of the TIFI shall be the responsibility of the Health and Human Services Commission. Up to six communities will be selected on a competitive basis to receive extensive training and technical assistance from the participating agencies.
10. **Federal Funds.** The Health and Human Services Commission may use the powers granted under Chapter 531 of the Government Code pertaining to Federal Funds management, to attempt to remediate any budget shortfall at the Texas Department of Health which may result from the delay in further implementation of Medicaid managed care.
11. **TIERS Oversight.** It is the intent of the Legislature in funding the Texas Integrated Eligibility Redesign System (TIERS) initiative at the Texas Department of Human Services, that the Health and Human Services Commission shall continue in its project oversight role to assure that client eligibility systems among other health and human services agencies and the Workforce Commission, are appropriately accommodated in the design and implementation of TIERS.
12. **Assessments to Health and Human Services Agencies.** The Health and Human Services Commission shall notify the Legislative Budget Board and the Governor by September 1 of each fiscal year of the amount of funds to be transferred by interagency contract each agency under the authority of the Health and Human Services Commission in Government Code, Chapter 531. The Health and Human Services Commission shall provide quarterly updates to the Legislative Budget Board and the Governor.

HEALTH AND HUMAN SERVICES COMMISSION

(Continued)

13. **Medicaid and Other Reporting Requirements.** None of the funds appropriated by this Act to the Health and Human Services Commission may be expended or distributed by the Commission unless:
- a. The Commission submits notification of proposed CHIP, TANF and any other federal grant requiring a state plan, in accordance with the Commission authority under Chapter 531, Government Code, Medicaid State Plan amendments, or waiver proposals to the Legislative Budget Board and the Governor no later than the date any such amendment or waiver proposal is submitted to the federal government. State Plan amendments and waiver submissions shall also be provided to the Senate Human Services, Senate Health Services, House Human Services, and House Public Health Committees;
 - b. The Commission submits notification of any change in reimbursement rates or methodologies including rates negotiated with managed care entities, relating to any services provided under Titles XIX and XXI of the Social Security Act (Medicaid and the Children's Health Insurance Program), TANF, or other federal grants in accordance with the Commission's authority under Chapter 531, Government Code to the Legislative Budget Board and the Governor. Notification of changes in reimbursement rates or methodologies shall be made at least 14 days before the proposed reimbursement modification is to become effective;
 - c. The Commission submits reports as follows to the Legislative Budget Board and the Governor by the end of each month: i) a report detailing the CHIP Phase II, CHIP Phase I, Medicaid Spillover, State Employee Health Insurance (SKIP), and Immigrant Health Insurance Program caseload figures and related expenditure amounts for the preceding month; ii) a report projecting the CHIP Phase II, CHIP Phase I, Medicaid Spillover, State Employee Health Insurance (SKIP), and Children's Immigrant Health Insurance Program anticipated caseloads for the 36 months period beginning with first month after the report is due; iii) other budget information as prescribed by the Legislative Budget Board and the Governor;
 - d. Each report submitted to the Legislative Budget Board and the Governor pursuant to this provision must be accompanied by supporting documentation detailing the sources and methodologies utilized to develop any caseload or cost projections contained in each respective report and any other supporting materials as specified by the Legislative Budget Board and the Governor;
 - e. Each report submitted pursuant to this provision must contain a certification by the person submitting the report, that the information provided is true and correct based upon the information and belief together with supporting documentation; and
 - f. The Comptroller of Public Accounts shall not allow expenditures of funds appropriated by this Act to the Health and Human Services Commission if the Legislative Budget Board and the Governor certifies to the Comptroller of Public Accounts that the Health and Human Services Commission is not in compliance with this provision.
14. **Informational Rider—Tobacco Settlement Receipts.** This rider is informational only and does not make any appropriations. In addition to the amounts appropriated above, the Health and Human Services Commission also receives appropriations in Article XII. Amounts appropriated in Article XII are for the following programs in the following amounts:
- a. Children's Health Insurance Program, \$204,211,674 in fiscal year 2002 and \$214,942,711 in fiscal year 2003. These amounts may be expended in Strategies in Goal C, Insure Children, and funding may be transferred to other agencies by interagency contract to operate these programs.

HEALTH AND HUMAN SERVICES COMMISSION

(Continued)

- b. Medicaid Program: \$61,300,000 in fiscal year 2002 and \$61,300,000 in fiscal year 2003 for Medicaid Simplification and \$60,000,000 in fiscal year 2002 and \$60,000,000 in fiscal year 2003 for Medicaid provider rate increases. Funds appropriated for the Medicaid Program may be expended in strategies in Goal B.
- 15. **Maximize Federal Reimbursement for Delinking Activities.** It is the intent of the Legislature that the Health and Human Services Commission continue efforts pursuant to HCR 96, Seventy-sixth Regular Session, to maximize federal reimbursement for activities related to modifications of the Medicaid enrollment and eligibility processes as a result of federal welfare reform. Activities include, but are not limited to, temporarily outstationing Medicaid eligibility workers in hospitals and clinics, providing automation to outstationed staff, training provider staff and eligibility workers, implementing community-based outreach programs, and making automation changes relating to welfare reform.
- 16. **Department of Mental Health and Mental Retardation Feasibility Study.** In order to maximize the number of HCS/MRLA consumers served, the commission shall examine the cost effectiveness and feasibility of allowing HCS/MRLA consumers to receive services in a five-bed residence, at the current applicable per-consumer level of need rate.
- 17. **Federal Funds for Prescription Drug Assistance.** Contingent upon the receipt of federal funds for the purpose of providing prescription drug assistance to seniors, the Health and Human Services Commission may, with the approval of the Legislative Budget Board and the Governor, expend those funds for that purpose.
- 18. **Business Improvement Plan.** It is the intent of the Legislature that the Health and Human Services Commission shall develop and implement, with the assistance of the State Auditor, a comprehensive business improvement plan for the Health and Human Services Commission Medicaid programs. The plan shall include timelines, benchmarks, and projected outcomes for improvement of the commission's systems and controls. The plan shall be prepared in a format specified by the State Auditor and shall address elements including the following:
 - a. Finance and accounting;
 - b. Budgeting;
 - c. Contract and grant management;
 - d. Administrative information systems; and
 - e. Other elements determined appropriate by the State Auditor.

An initial assessment report will be due on December 1, 2001, with additional reports due at the end of each state fiscal quarter. The commission shall provide a status report on the implementation of the business improvement plan to the Governor, Legislative Budget Board, Legislative Audit Committee, and the State Auditor. The reports shall be prepared in a format specified by the State Auditor and shall include specific information demonstrating the progress made by the department in achieving the goals and objectives of the plan.

The State Auditor shall monitor the implementation of the plan. The commission may enter into a contract for consultant services from a management consultant to assist with the planning and development and evaluation of the elements described above.

- 19. **Medicaid Cost Containment Consultants.** The Health and Human Services Commission is hereby authorized to contract with a consultant or consultants during the 2002–03 biennium for the purpose of identifying cost-containment or savings options for the Medicaid program. Any reports submitted to the Health and Human Services Commission in connection with such a contract shall be submitted to the Legislative Budget Board and the Governor no later than seven days after receipt of the report by the commission.

HEALTH AND HUMAN SERVICES COMMISSION

(Continued)

20. **Women's Health Services Demonstration Project.** Contingent upon enactment of House Bill 1156 or similar legislation which provides for the establishment of a demonstration project to expand access to women's health services under Medicaid, the Health and Human Services Commission and any appropriate agency operating part of the state Medicaid program are hereby authorized to maximize federal funding by developing and establishing a demonstration project to expand access to women's health services under Medicaid. The Health and Human Services Commission shall request and actively pursue any necessary waivers or authorizations from the federal government to establish this demonstration project, and may delay implementing the demonstration project until necessary waivers or authorizations are granted.
21. **Mental Health Services Demonstration Project.** The Health and Human Services Commission and any appropriate agency operating part of the state Medicaid program are hereby authorized to maximize federal funding for mental health services by developing and establishing a demonstration project under Medicaid. It is the intent of the Legislature that the demonstration project offer limited benefit, nonentitlement Medicaid coverage to populations currently served with state and local funds. The Health and Human Services Commission shall request and actively pursue any necessary waivers or authorizations from the federal government to establish this demonstration project, and may delay implementing the demonstration project until necessary waivers or authorizations are granted.
22. **HIV/AIDS Services Demonstration Project.** The Health and Human Services Commission and any appropriate agency operating part of the state Medicaid program are hereby authorized to maximize federal funding for HIV/AIDS services by developing and establishing a demonstration project under Medicaid, using local funds as state match. It is the intent of the Legislature that the demonstration project cover under Medicaid those services currently provided to individuals with HIV/AIDS using local funds. The Health and Human Services Commission shall execute agreements with local funding entities prior to requesting and actively pursuing any necessary waivers or authorizations from the federal government to establish this demonstration project. The Health and Human Services Commission may delay implementing the demonstration project until necessary waivers or authorizations are granted.
23. **Medicaid Buy-in Pilot Project.** The Health and Human Services Commission is hereby authorized to develop and operate a budget-neutral project in at least three sites that allows individuals who meet the criteria described by the federal Ticket to Work and Work Incentives Improvement Act of 1999 to buy-in to the Medicaid program. The Health and Human Services Commission is authorized to request any necessary waivers or authorizations from the federal government to establish this pilot project, and may delay implementing the pilot project until necessary waivers or authorizations are granted.
24. **Voluntary Medicaid Demonstration Pilot.** From funds appropriated above, the Commissioner of Health and Human Services is authorized to implement a voluntary pilot program in a rural area which seeks to evaluate the use of an insured model for beneficiaries of the Texas Medical Assistance Program using the Rural Community Health System, an organization designated under Chapter 20C of the Insurance Code, provided such pilot or demonstration does not include an area currently covered under an existing Medicaid managed care pilot program.
25. **Custody Relinquishment Prevention Plan.** The Health and Human Services Commission is hereby authorized to develop and implement a plan to prevent custody relinquishment of youth with serious emotional disturbances. To the extent required to implement the plan, the Health and Human Services Commission is authorized to request any necessary waivers or authorizations from the federal government.

HEALTH AND HUMAN SERVICES COMMISSION

(Continued)

26. **Enhanced Federal Match for Border Programs.** In order to maximize the use of state funds to deliver services, the Health and Human Services Commissioner shall work with the federal government to develop enhanced federal matching rates for Medicaid and other federal programs operated on a matching basis along the Texas-Mexico border.
27. **Limitation: Medicaid Transfer Authority.** Notwithstanding any other provision of this Act, none of the funds appropriated by this Act to the Health and Human Services Commission for Medicaid Strategies in Goal B may be transferred to any other item of appropriation or expended for any purpose other than the specific purpose for which the funds are appropriated; however, transfers may be made between Medicaid Strategies in Goal B in accordance with other provisions in this Act.
28. **Vendor Drug Rebates.** The Health and Human Services Commission is authorized to expend Medicaid rebate revenues pursuant to the federal requirements of the Omnibus Budget and Reconciliation Act of 1990. Expenditures shall be made from rebates received in fiscal years 2002 and 2003. As rebates are generated, expenditures shall be made from rebate revenues as a first source and General Revenue as a second source to support the Vendor Drug Program. Once the Health and Human Services Commission has generated and expended the amounts identified in the method of finance as Vendor Drug Rebates above for each fiscal year, the commission is appropriated and authorized to expend additional amounts generated, subject to the following requirements:
- a. Amounts available shall be expended prior to utilization of any General Revenue available for the same purposes;
 - b. In the event General Revenue has been expended prior to the receipt of vendor drug rebates, the commission shall reimburse General Revenue through the cost allocation process authorized in Article IX of this Act. This process shall be completed on a monthly basis in order to maintain a minimum monthly balance on hand from the vendor drug rebate program; and
 - c. The commission shall report monthly to the Legislative Budget Board, the Governor, and the Comptroller's Office on vendor drug receipts, expenditures, and anticipated revenues and balances.
29. **Medicaid and Other Reporting Requirements.**
- a. None of the funds appropriated by this Act to the Health and Human Services Commission may be expended or distributed by the commission unless:
 - (1) the commission submits to the Legislative Budget Board and the Governor a copy of each report submitted to the federal government relating to the Medicaid program and the State Children's Health Insurance Program (Title XXI of the Social Security Act, CHIP). This shall include, but is not limited to:
 - i. expenditure data;
 - ii. caseload data;
 - iii. premium credit, rebates and refunds;
 - iv. interest earnings;
 - v. Vendor Drug rebates;
 - vi. State plan amendments;
 - vii. State plan waivers.

Such reports shall be submitted to the Legislative Budget Board and the Governor no later than the date the respective report is submitted to the federal government, and

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- (2) the commission submits to the Legislative Budget Board and the Governor at the end of each month: (i) a report detailing the Medicaid and Medicare caseload figures and related expenditure amounts for the preceding month; (ii) a report projecting the anticipated Medicaid and Medicare caseloads for the 36-month period beginning with first month after the report is due; and (iii) a report detailing CHIP caseloads and expenditures for the preceding month.
 - b. Each report submitted to the Legislative Budget Board and the Governor pursuant to this provision must be accompanied by supporting documentation detailing the sources and methodologies utilized to develop any caseload or cost projections contained in each respective report and any other supporting materials as specified by the Legislative Budget Board and the Governor.
 - c. Each report submitted pursuant to this provision must contain a certification by the person submitting the report that the information provided is true and correct based upon information and belief together with supporting documentation.
 - d. The Comptroller of Public Accounts shall not allow the expenditure of funds appropriated by this Act to the Health and Human Services Commission if the Legislative Budget Board and the Governor certifies to the Comptroller of Public Accounts that the Health and Human Services Commission is not in compliance with this provision.
30. **Medicaid Subrogation Receipts (State Share).** For the purposes of this provision, Medicaid Subrogation Receipts are defined as third-party recoupments related to the Medicaid program. Amounts defined as Medicaid Subrogation Receipts are to be deposited into the General Revenue Fund, Object No. 3802. The commission is authorized to receive and expend Medicaid Subrogation Receipts. Expenditures shall be made from recoupments and interest earnings received in fiscal year 2002 and fiscal year 2003. The use of the State's share of Medicaid Subrogation Receipts is limited to funding services for Medicaid clients. Medicaid Subrogation Receipts shall be expended as they are received as a first source, and General Revenue shall be used as a second source, to support the Medicaid program. In the event that these revenues should be greater than the amounts identified in the method of finance above as Medicaid Subrogation Receipts (State Share), the commission is hereby appropriated and authorized to expend these state funds thereby made available, subject to the following requirements:
- a. Amounts available shall be expended prior to utilization of any General Revenue available for the same purposes;
 - b. In the event General Revenue has been expended prior to the receipt of the state's share of Medicaid Subrogation Receipts, the commission shall reimburse General Revenue through the cost allocation process authorized in Article IX of this Act. This process shall be completed on a monthly basis in order to maintain a minimum balance on hand in excess Medicaid Subrogation Receipts; and
 - c. The commission shall report monthly to the Legislative Budget Board, the Governor, and the Comptroller's Office on Medicaid Subrogation Receipts, expenditures, and anticipated revenues and balances.

The preceding paragraph shall be the exclusive appropriation authority for receipts from the above identified sources and none of these receipts shall be appropriated by a provision of Article IX of this Act.

31. **Transfers from 2003 to 2002.** In addition to the transfer authority provided elsewhere in this Act and in order to provide for unanticipated events that increase costs associated with providing Medicaid services for eligible clients, the Health and Human Services Commission is

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authorized to transfer up to \$150 million in General Revenue from funds appropriated in Medicaid strategies in the second year of the biennium to the first year of the biennium. Such transfers may only be made subject to the following:

- a. Transfers under this section may be made only:
 - (1) if costs associated with providing Medicaid services exceed the funds appropriated for these services for fiscal year 2002.
 - (2) for any other emergency expenditure requirements, including expenditures necessitated by public calamity.
- b. Transfers may not exceed \$150,000,000 in General Revenue.
- c. A transfer authorized by this section must receive the prior approval of the Governor and the Legislative Budget Board.
- d. The Comptroller of Public Accounts shall cooperate as necessary to assist the completion of a transfer and spending made under this section.

32. **Medical Treatment.** The Texas Health and Human Services Commission may distribute funds for medical, dental, psychological, or surgical treatment provided to a minor only if consent to treatment is obtained pursuant to Chapter 32 of the Texas Family Code. In the event that compliance with this rider would result in the loss of Federal Funds to the state, the commission may modify, or suspend this rider to the extent necessary to prevent such loss of funds, provided that prior approval is obtained from the Governor and the Legislative Budget Board.
33. **Reporting of Child Abuse.** The Texas Health and Human Services Commission may distribute or provide appropriated funds only to recipients who show good-faith efforts to comply with all child abuse reporting guidelines and requirements set forth in Chapter 261 of the Texas Family Code.
34. **Authorization to Receive, Administer, and Disburse Federal Funds.** The appropriations made herein may be used to match Federal Funds granted to the state for the payment of personal services and other necessary expenses in connection with the administration and operation of a state program of health services. Notwithstanding the General Provisions of this Act, the Health and Human Services Commission is hereby authorized to receive and disburse in accordance with plans acceptable to the responsible federal agency, all federal moneys that are made available (including grants, allotments, and reimbursements) to the state and retain their character as Federal Funds for such purposes, and to receive, administer, and disburse Federal Funds for federal regional programs in accordance with plans agreed upon by the Health and Human Services Commission and the responsible federal agency, and such other activities as come under the authority of the Texas Commissioner of Health and Human Services, and such moneys are hereby appropriated to the specific purpose or purposes for which they are granted or otherwise made available. Earned Federal Funds are not considered to be Federal Funds for the purpose of this section.
35. **Medical Assistance Payments and Unexpended Balances.** Funds for Medical Assistance payments appropriated for Medicaid Strategies in Goal B out of the General Revenue Fund for Medicaid services shall be made available to the agency by the Comptroller of Public Accounts in equal monthly installments on the first day of each calendar month; provided, however, that any balances on hand in such funds may be carried over from month to month during each fiscal year and from fiscal year 2002 to fiscal year 2003, and such funds are appropriated to the commission for the 2002–03 biennium.

HEALTH AND HUMAN SERVICES COMMISSION

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36. **Risk Stabilization Reserve.** Upon termination of a contract with the fiscal agent or insurance carrier for purchased health insurance, the state's share of the unexpended balance in the risk stabilization reserve shall be deposited into the General Revenue Fund and such funds are not appropriated to the Health and Human Services Commission.
37. **Transfers for Funds Consolidation.** For the purpose of funds consolidation and Medicaid payments, Federal Funds may be transferred into the General Revenue Fund from Health and Human Services Commission Account 0273. The initial deposit of Medicaid Federal Funds shall be made into Account 0273, but no direct expenditures for the Medicaid program shall be made from this account.
38. **Accounting of Support Costs.** The Comptroller of Public Accounts shall establish separate accounts from which certain support costs shall be paid. The Health and Human Services Commission is hereby authorized to make transfers into these separate accounts from line item strategies in order to pay for these expenses in an efficient and effective manner. Only costs not directly attributable to a single program may be budgeted in or paid from these accounts. Items to be budgeted in and paid from these accounts include but are not limited to: postage, occupancy costs, equipment repair, telephones, office printing costs, supplies, freight and transport costs, telephone system costs and salary and travel costs of staff whose function supports several programs. The commission shall be responsible for monthly allocations of these costs to the original strategies.
39. **Payment of Hospital Providers.** At the hospital's option, all payments from funds appropriated for acute care services made to hospitals with 100 or fewer licensed beds may be reimbursed under a cost-reimbursement methodology authorized by the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), using the most current available cost figures. Hospitals reimbursed under TEFRA cost principles shall be paid without the imposition of the TEFRA cap.

At initial cost settlement of the hospital's fiscal year, the Health and Human Services Commission shall determine the amount of reimbursement the hospital would have been paid under TEFRA cost principles, and if the amount of reimbursement under the TEFRA principles is greater than the amount of reimbursement received by the hospital under the prospective payment system, the Health and Human Services Commission shall reimburse the hospital the difference.

40. **Payments to Rural Hospitals under Medicaid Managed Care.** All payments from funds appropriated for acute care services made to rural hospitals with 100 or fewer licensed beds in counties with fewer than 50,000 persons that are in a Medicaid managed care program must be reimbursed at a rate calculated using the higher of the prospective payment system rate or cost-reimbursement methodology authorized under the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA). Hospitals reimbursed under TEFRA cost principles shall be paid without the imposition of the TEFRA cap. Under a full-risk managed care pilot project, the participating managed care organizations shall reimburse the hospitals. This section applies only to a managed care contract that is entered into or renewed on or after September 1, 1997.
41. **Payments to Rural Physicians under Medicaid Managed Care.** All payments made to physicians who practice in rural counties with fewer than 50,000 persons and who participate in a Medicaid managed care program must be reimbursed at the Medicaid fee schedule, or in the case of a full-risk managed care model, at a rate using the current Medicaid fee schedule, including negotiated fee for service. Under a primary care case management system model, primary care physicians also shall be paid a monthly case management fee. This section applies only to a managed care contract that is entered into or renewed on or after September 1, 1997.

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42. **Disposition of Appropriation Transfers from State-owned Hospitals.** The Health and Human Services Commission shall use the sums transferred from state owned hospitals as provided elsewhere in the Act as necessary to apply for appropriate matching Federal Funds and to provide the state's share of disproportionate share payments due to state-owned hospitals. Any amounts of such transferred funds not required for disproportionate share payments shall be deposited by the Health and Human Services Commission to the General Revenue Fund as unappropriated revenue. At the beginning of each fiscal year, the Health and Human Services Commission shall present a schedule of projected transfers and payments to the Comptroller of Public Accounts, the Governor, and the Legislative Budget Board for their approval. Subsequent to approval of the projected schedule, the Comptroller of Public Accounts shall approve all payments and transfers.
43. **Disproportionate Share Hospital Eligibility.** A hospital that provides health care to indigents pursuant to an agreement or contract with a state agency or department, at no cost to the state, may be eligible as a disproportionate share hospital under Chapter 61, Health and Safety Code, and the Texas Medicaid program. Such hospital's total expenditures for indigent health care, according to such agreement or contract, may be credited as local revenue to be used to determine disproportionate share eligibility.
44. **Graduate Medical Education Payments.** In order to maintain Medicaid graduate medical education funding to teaching hospitals or hospital-affiliated clinics, the Health and Human Services Commission shall separate all identified inpatient graduate medical education funds from the Medicaid reimbursement formulas and make separate and direct payments to hospitals or hospital-affiliated clinics that have accredited graduate medical education training programs or that have affiliation agreements with accredited graduate medical education training programs. The payments shall reimburse each hospital or hospital-affiliated clinic's expenditure on graduate medical education, taking into consideration Medicaid volume and number of filled positions in accredited medical residency programs.
45. **Medicaid Support and Information Services.** Out of the funds appropriated above in Goal B: Medicaid, such funds as are necessary to implement the project are allocated for the Medicaid Help Line authorized under § 531.021, Texas Government Code. It is the intent of the Legislature that, under the authority of the Commissioner of Health and Human Services, the Texas Health and Human Services Commission shall operate this service for Medicaid recipients enrolled in managed care plans.
46. **Medicaid Informational Rider.** This rider is informational only and does not make any appropriations. The Health and Human Services Commission is the single state agency for Title XIX, the Medical Assistance Program (Medicaid) in Texas. Other agencies receive appropriations for and responsibility for the operations of various Medicaid programs. The following state agencies receive appropriations elsewhere in this Act related to the Medicaid program:

Agency Name	2002	2003
Texas Commission for the Blind	\$ 285,241	\$ 284,880
Interagency Council on Early Childhood Intervention	\$ 6,139,958	\$ 6,769,759
Texas Department of Health	\$ 348,660,838	\$ 366,068,611
*Health and Human Services Commission	\$ 7,454,227,531	\$ 7,396,026,198
*Department of Human Services	\$ 3,653,188,430	\$ 3,458,896,072

*Amounts have been revised to correct printing errors and to account for Governor vetoes and other appropriations in this Act.

HEALTH AND HUMAN SERVICES COMMISSION

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*Department of Mental Health and Mental Retardation	\$ 1,177,501,384	\$ 1,178,341,503
*Department of Protective and Regulatory Services	\$ 96,556,568	\$ 96,726,197
*Article II, Special Provisions		\$ (479,900,000)
*Article XII, Tobacco Settlement Receipts	\$ 230,795,243	\$ 225,790,236
*Total, Medical Assistance Program	\$ 12,967,355,193	\$ 12,249,003,456
*General Revenue, Medicaid Program	\$ 5,181,304,317	\$ 4,921,976,612
*Federal Funds, Medicaid Program	\$ 7,786,050,876	\$ 7,327,026,844
*Total, All Funds	\$ 12,967,355,193	\$ 12,249,003,456

47. **Transfer Authority.** Subject to the limitations contained in provision No. 27, Limitation: Medicaid Transfer Authority, and notwithstanding any other provision, appropriations contained in this Act to the Health and Human Services Commission may be transferred from one appropriation item to another appropriation item in amounts not to exceed 25 percent of All Funds for the fiscal year, upon approval by the Commissioner, subject to the following reporting requirements:
- At least 14 days prior to any transfer of funds between items of appropriation notification shall be made to the Governor and the Legislative Budget Board.
 - At least 30 days prior to adopting or implementing a program expansion, notification shall be made to the Governor and the Legislative Budget Board. Program expansion is defined as any modification of current policy that would result in an increase in services delivered or clients served, including any increase in funds budgeted in the program.
 - Notifications shall include information regarding the source of funds to be transferred; any changes in Federal Funds related to the proposed transfer; the strategy from which the transfer is to be made and the strategy to which the transfer is to be made; the need which was to be served through the original appropriation and the basis for the decrease in need; the need to be served in the strategy receiving the funds and the basis for such selection; and the amounts of funds to be spent on direct client services as opposed to both general and operating support costs. In the event program expansions are under consideration, information shall be forwarded regarding the population to be served; criteria for eligibility; source of funding; and impact on existing programs.
48. **Medicaid Outpatient Hospital Services.** Out of funds appropriated above to the Health and Human Services Commission, \$35 million in General Revenue and \$52,807,525 in federal funds is allocated for the biennium for reimbursement increases in Outpatient Hospital services. It is the intent of the Legislature that the Health and Human Services Commission implement mechanisms to pass the fee increase directly to providers.
49. **Texas Information and Referral Network (211 Project).** The Texas Information and Referral Project shall be funded as follows:
- Funds appropriated above include \$798,750 in fiscal year 2002 and \$899,400 in fiscal year 2003 out of the Telecommunications Infrastructure Fund Number 345 for telecommunications services relating to the development of a 211 system. These funds shall be used for the purposes specified in Section 57.046(b) of the Utilities Code.

*Amounts have been revised to correct printing errors and to account for Governor vetoes and other appropriations in this Act.

HEALTH AND HUMAN SERVICES COMMISSION

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- b. The following section is informational and refers to appropriations in Article XII. Contingent upon the collection of outstanding and disputed claims relating to the state's Tobacco Settlement from tobacco companies, the Health and Human Services Commission is hereby appropriated an amount not to exceed \$3,000,000 for the biennium from such funds. These amounts shall be used to partially support local operations of 211 projects, with a limit on state contributions of \$450,000 for major metropolitan areas, \$250,000 for metropolitan areas, \$175,000 for mid-sized regions, and \$100,000 for smaller regions. This funding is intended to be for the FY 2002-03 biennium only for start-up costs and is not intended to be continued in the future.
- 50. **Independent Living Transitional Medical Assistance.** Out of funds appropriated above in Goal B, Medicaid Services, \$334,211 in fiscal year 2002 and \$487,461 in fiscal year 2003 of General Revenue shall be used to allow foster care children to remain on Medicaid until age 21.
- 51. **Medicaid Asthma Management Pilot Program.** Out of funds appropriated above, the Department of Health shall cooperate with the Health and Human Services Commission in the development and implementation of a Medicaid asthma treatment program pilot as described in the Comptroller's e-Texas Report, Issue HHS 11. In coordination with the Health and Human Services Commission, the Department of Health shall report to the Legislature by December 1, 2002 on the cost-effectiveness of the program and the identification of other areas in which disease management-based treatment could be cost effective.
- 52. **Alternative Service Delivery Options for Court Committed Clients.** From funds appropriated, the Commissioner of Health and Human Services shall examine whether the Mexia State School and/or any other Intermediate Care Facility (ICF/MR) are appropriate settings for a consumer with mental retardation who has been referred through the criminal justice system.
 - a. In the event the commission finds the Mexia State School or other ICF/MR facility are appropriate settings, the commission shall seek an appropriate waiver from the federal government for Medicaid-eligible clients who reside at the Mexia State School or other ICF/MR facilities who have been referred from the criminal justice system.
 - b. In the event the commission finds the Mexia State School or other ICF/MR facilities are not appropriate settings for these clients, the commission shall develop a suitable alternative.
 - c. The commission shall make its conclusions known to the Governor and the Legislative Budget Board by February 1, 2002.
- * 53. **Contingent Appropriation to the Health and Human Services Commission.** The appropriation to the Health and Human Services Commission under Strategies B.2.1, B.2.2, B.2.3, and B.2.4, has been reduced by \$269,840,001 in All Funds, including \$107,747,112 in General Revenue Match for Medicaid, and the Health and Human Services Commission is hereby authorized to defer its August 2003 premium payment to the National Heritage Insurance Company until September 2003 and the August 2003 payment will be paid from fiscal year 2004 appropriations. However, after and contingent upon the Comptroller providing notice to the Legislative Budget Board and the Governor regarding a finding of fact by the Comptroller (at the time of certification or after certification of this Act) that sufficient revenue is estimated to be available, and following approval by the Legislative Budget Board and Governor, there is hereby appropriated to the Health and Human Services Commission such amounts as may be necessary for payment of the August 2003 premium payment (estimated to be \$269,840,001 in All Funds, including \$107,747,112 in General Revenue Match for Medicaid) by August 31, 2003.

*See Veto Proclamation.

HEALTH AND HUMAN SERVICES COMMISSION

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54. **Medicaid Provider Reimbursement.** From funds appropriated for Medicaid physician and hospital outpatient rate increases in the Medicaid program, the Health and Human Services Commission shall establish a provider reimbursement methodology that recognizes and rewards high volume Medicaid practitioners, especially those along the Texas-Mexico border and in medically underserved inner-city areas, where Medicaid funding is vital to the health care delivery system.

55. **Grants for Technology to Assist Disabled Persons.** Out of funds appropriated from the Telecommunications Infrastructure Fund (TIF) in Strategy A.1.2, Technology Grants, the Commissioner shall use \$10,000,000 in fiscal year 2002 and \$10,000,000 in fiscal year 2003 to provide grants to entities qualified to receive TIF funding. It is the intent of the Legislature that these grants are given for the purpose of researching, developing, or implementing innovative technologies and telecommunications infrastructure specifically for use by persons with disabilities. It is further the intent of the Legislature that the program developed with this funding be for the express purpose of assisting persons with disabilities in communicating.

Any unexpended balances as of August 31, 2002, are hereby appropriated to the commission for the same purposes for 2003.

56. **Medicaid Reimbursement Rates for Texas State Veterans Homes.** It is the intent of the Legislature that the Health and Human Services Commission, in consultation with the Texas Veterans Land Board and pursuant to existing general law authority, should Medicaid reimbursement rates for long-term care services provided to Medicaid-eligible veterans who reside in veterans homes established and operated pursuant to Chapter 164, Natural Resources Code, that contract with the Texas Department of Human Services to provide nursing facility services. The Health and Human Services Commission shall report on December 1 of each fiscal year in the biennium to the Legislative Budget Board and the Governor on the following: how many, on average, Medicaid-eligible veterans are in the veteran's homes; how many current residents of the homes are determined to be Medicaid eligible in the prior fiscal year; how many Medicaid-eligible veterans transfer into the homes and how many enter the homes as their initial nursing facility during the previous fiscal year. In addition, the report shall contain the total amount of Medicaid reimbursements paid in the prior fiscal year for veterans, the average daily rate paid to the facilities, and any other information requested by Legislative Budget Board and the Governor.

57. **Use of Additional Premium Credits.** For the purposes of this provision, premium credits are defined as: 1) refunds/rebates of previously paid premiums and interest earnings generated in relationship to the Risk Stabilization Reserve and other accounts listed below; and 2) managed care rebates as described below. Amounts defined as premium credits are to be deposited into the General Revenue Fund, Object No. 3639. The Health and Human Services Commission is authorized to receive and spend premium credits and interest earnings generated from fund balances with the Risk Stabilization Reserve, the Disbursement Account, and the STAR (Managed Care) Account, as defined in the contractual agreement with the fiscal agent and/or insurance carrier for purchased health services except for those interest earnings related to the Cash Management Improvement Act (CMIA). The commission is also authorized to receive and spend experience rebates generated in accordance with its contractual agreements with health maintenance organizations who participate in Medicaid managed care. Expenditures shall be made from credits, managed care rebates, and interest earnings received in fiscal years 2002 and 2003. The use of the credits, managed care rebates, and interest earnings is limited to funding services for Medicaid clients. Premium credits shall be expended as they are received as a first source, and General Revenue shall be used as a second source, to support the Medicaid program. In the event that these revenues should be greater than the amounts identified in the method of finance above as Premium Credits, the department is hereby appropriated and authorized to expend these state funds thereby made available, subject to the following requirements:

HEALTH AND HUMAN SERVICES COMMISSION
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- a. Amounts available shall be expended prior to utilization of any General Revenue available for the same purposes;
- b. In the event General Revenue has been expended prior to the receipt of premium credits, the commission shall reimburse General Revenue through the cost allocation process authorized in Article IX of this Act. This process shall be completed on a monthly basis in order to maintain a minimum balance on hand in excess premium credits; and
- c. The commission shall report monthly to the Legislative Budget Board, the Governor, and the Comptroller’s Office on premium credit receipts, expenditures, and anticipated revenues and balances.

The preceding paragraph shall be the exclusive appropriation authority for receipts from the above identified sources and none of these receipts shall be appropriated by a provision of Article IX of this Act.

DEPARTMENT OF HUMAN SERVICES

	For the Years Ending	
	August 31,	August 31,
	2002	2003
A. Goal: LONG-TERM CARE CONTINUUM		
To provide appropriate care based on individual needs ranging from in-home and community-based services for elderly people and people with disabilities who request assistance in maintaining their independence and increasing their quality of life, to institutional care for those who require that level of support, seeking to ensure health and safety and to maintain maximum independence for the client while providing the support required.		
Outcome (Results/Impact):		
Percent of Long-term Care Clients Served in Community Settings	66.47%	67.12%
Percent of Facilities Complying with Standards at Time of Inspection for Licensure and/or Medicare/Medicaid Certification	66%	66%
Percent of Complaints and Referrals Resulting in Disciplinary Action: Nursing Facility Administrators	85%	85%
A.1.1. Strategy: COMMUNITY CARE SERVICES	\$ 1,040,299,309	\$ 1,134,966,245
Provide assistance with daily needs in homes and community settings which will enable elderly persons, persons with disabilities, and others who qualify for nursing facility care but can be served at home or in the community to maintain their independence and prevent institutionalization.		
Output (Volume):		
Average Number of Clients Served Per Month: Medicaid Nonwaiver Community Care	88,868	92,903
Average Number of Clients Served Per Month: Medicaid Community-based Alternatives (CBA) Waiver	29,250	29,250
Average Number of Clients Served Per Month: Medicaid Related Conditions Waiver (CLASS)	1,836	1,836
Average Number of Clients Served Per Month: Deaf-blind Waiver	145	145

DEPARTMENT OF HUMAN SERVICES
(Continued)

Average Number of Clients Served Per Month: Medically Dependent Children Program Waiver	1,071	1,071
Average Number of Clients Served Per Month: Non-Medicaid Community Care	16,947	17,093
Efficiencies:		
Average Monthly Cost Per Client Served: Medicaid Nonwaiver Community Care	527.33	556.81
Average Monthly Cost Per Client Served: Medicaid Community-based Alternatives (CBA) Waiver	1,176.93	1,234.46
Average Monthly Cost Per Client Served: Medicaid Related Conditions Waiver (CLASS)	2,435.53	2,497.3
Average Monthly Cost Per Client Served: Deaf-blind Medicaid Waiver	3,344.85	3,344.85
Average Monthly Cost Per Client Served: Medically Dependent Children's Program Waiver Services	1,370	1,370
Average Monthly Cost Per Client Served: Non-Medicaid Community Care	409.65	423.05
A.1.2. Strategy: IN-HOME & FAMILY SUPPORT	\$ 8,996,250	\$ 9,003,750
Provide cash subsidy and provide reimbursement for capital improvements, purchase of equipment, and other expenses to enable elderly persons and persons with disabilities to maintain their independence and prevent institutionalization.		
Output (Volume):		
Average Number of Clients Per Month Receiving In-home Family Support (IHFS) Cash Subsidy	4,639	4,643
A.1.3. Strategy: LTC ELIGIBILITY & SERVICE PLANNING	\$ 105,680,066	\$ 105,524,600
Provide timely and accurate eligibility determination for all individuals who apply and service planning and referral for all elderly persons and persons with disabilities who qualify for services.		
Output (Volume):		
Average Number of Persons Eligible Per Month: Nursing Facilities	65,728	65,613
Average Number of Persons Eligible Per Month: Community Care	138,989	143,962
Average Case Equivalents Per Long-term Care Medicaid Financial Eligibility Worker (Medical Assistance Only)	231	231
Efficiencies:		
Average Monthly Cost Per Case: Nursing Facilities	17.71	17.8
Average Monthly Cost Per Case: Community Care	28.94	28.89
A.1.4. Strategy: NURSING FACILITY & HOSPICE PAYMENTS	\$ 2,128,162,956	\$ 1,890,316,311
Provide payments which will promote quality care for clients with medical problems that require nursing facility or hospice care.		
Output (Volume):		
Average Number of Persons Receiving Medicaid-funded Nursing Facility Services Per Month	64,072	64,009
Average Number of Clients Receiving Copaid Medicaid/Medicare Nursing Facility Services Per Month	3,308	3,365
Average Number of Clients Receiving Hospice Services Per Month	2,447	2,610
Efficiencies:		
Net Nursing Facility Cost Per Medicaid Resident Per Month	2,262.14	2,460.71
Net Payment Per Client for Copaid Medicaid/Medicare Nursing Facility Services Per Month	1,383.27	1,409
Average Payment Per Client Per Month for Hospice	2,064.29	2,224.37

DEPARTMENT OF HUMAN SERVICES
(Continued)

A.1.5. Strategy: INTEGRATED SERVICE DELIVERY SYSTEMS	\$	246,116,833	\$	242,739,829
Promote the development of integrated service delivery systems for aged and disabled clients.				
Output (Volume):				
Average Number of Aged and Medicare-eligible Recipients Per Month: STAR+PLUS Managed Care		26,938		27,659
Average Number of Disabled and Blind Recipients Per Month: STAR+PLUS Managed Care		21,418		21,837
Average Number of Recipients Per Month: Program for All Inclusive Care (PACE)		500		500
Efficiencies:				
Average Monthly Cost Per Aged and Medicare-eligible Recipient: STAR+PLUS Managed Care		170.08		184.64
Average Monthly Cost Per Disabled and Blind Recipient: STAR+PLUS Managed Care		671.38		682.48
Average Monthly Cost Per Recipient: Program for All Inclusive Care (PACE)		2,481.68		2,585.91
A.2.1. Strategy: LONG-TERM CARE FACILITY REGULATION	\$	40,184,988	\$	40,322,365
Provide licensing, certification and contract enrollment services, as well as financial monitoring and complaint investigation, to ensure that residential facilities comply with state and federal standards and that residents receive high-quality services and are protected from abuse.				
Output (Volume):				
Number of Inspections Completed Per Year		4,744		4,855
Number of Complaint and Incident Investigations Completed		16,214		16,566
Total Dollar Amount Collected from Fines		1,486,149		1,486,149
A.2.2. Strategy: LONG-TERM CARE CREDENTIALING	\$	1,362,934	\$	1,365,174
Provide credentialing, training and enforcement services to qualify individuals to provide services to long-term facility and home health care agency clients in compliance with applicable law and regulations.				
Output (Volume):				
Number of Licenses Issued or Renewed Per Year: Nursing Facility Administrators		1,322		939
A.2.3. Strategy: HOME/COMM SUPPORT SVCS LICENSING	\$	5,160,522	\$	5,160,522
Provide licensing, inspection, and certification services to home and community support services agencies for the protection of clients and to ensure compliance with state and federal standards.				
Output (Volume):				
Number of Home and Community Support Services Agency Licenses Issued		2,832		2,917
Number of Home and Community Support Services Agency Inspections Conducted		1,963		2,021
Number of Complaint Investigations Conducted: Home and Community Support Services Agencies		641		661
A.2.4. Strategy: LTC QUALITY OUTREACH	\$	5,000,000	\$	5,000,000
Total, Goal A: LONG-TERM CARE CONTINUUM	\$	3,580,963,858	\$	3,434,398,796

DEPARTMENT OF HUMAN SERVICES
(Continued)

B. Goal: ENCOURAGE SELF-SUFFICIENCY
To encourage self-sufficiency and long-term independence from public assistance by providing prompt, accurate, comprehensive, and effective support and preventive services to low-income families.

Outcome (Results/Impact):		
Percent of Total Children in Poverty Receiving TANF	16%	16%
Unduplicated Number of TANF Adult Clients Per Year Who Have Exhausted Their Time-limited Benefits	5,335	5,814
Percent of Poverty Met by TANF-basic, Food Stamps and Medicaid Benefits/Family of Three	75%	76%
Percent of TANF Cases Required to Sign the TANF Responsibility Agreement Who Are in Compliance with All Requirements in the Responsibility Agreement	74%	74%
B.1.1. Strategy: TANF GRANTS (FORMERLY AFDC) Provide Temporary Assistance for Needy Families (TANF) grants to eligible low-income persons in Texas.	\$ 283,358,066	\$ 293,040,671
Output (Volume):		
Number of TANF - Basic Recipients Per Month	324,649	326,033
Number of TANF - UP Recipients Per Month	36,576	38,443
Average Number of TANF One-time Payments Per Month	115	120
Number of Children Receiving \$60 Once a Year Grant	264,746	267,129
Efficiencies:		
Average Monthly Grant: TANF - Basic	56.63	58.15
Average Monthly Grant: TANF - UP	51.58	53.45
B.1.2. Strategy: CSS ELIGIBILITY & ISSUANCE SERVICES	\$ 485,873,321	\$ 358,003,668
Provide accurate and timely eligibility and issuance services for employment resources, financial assistance, medical benefits, and food stamps through the use of new technology, improved management practices, and implementation of sufficient staff levels.		
Output (Volume):		
Average Number of Families Determined Eligible Monthly - TANF	22,496	22,044
Average Number of Households Determined Eligible Monthly - Food Stamps	127,639	125,779
Average Number of Cases Determined Eligible Monthly - Children, Pregnant Women, and Medically Needy Program (CPW Medicaid)	96,438	99,812
Average Number of Recipients Per Month: Food Stamps	1,314,410	1,291,640
Average Number of Recipients Per Month: Children, Pregnant Women, and Medically Needy Program (CPW Medicaid)	790,491	806,952
Efficiencies:		
Average Standardized Case Equivalents Per CSS Worker Per Month	257	257
B.1.3. Strategy: NUTRITION ASSISTANCE	\$ 177,799,745	\$ 185,369,962
Increase the availability of federal nutrition assistance by providing reimbursement for nutritious meals, food distribution, and nutrition education.		
Output (Volume):		
Average Number of Children and Adults Served Meals through Child and Adult Care Food Program Per Day	199,005	202,985
B.1.4. Strategy: REFUGEE ASSISTANCE	\$ 13,523,804	\$ 13,517,317
Assist refugees and immigrants in attaining self-sufficiency through financial, medical, and social services, and disseminate information to interested individuals.		

DEPARTMENT OF HUMAN SERVICES
(Continued)

Output (Volume):		
Average of Refugees Receiving Financial and Medical Assistance Per Month	1,800	1,800
Total, Goal B: ENCOURAGE SELF-SUFFICIENCY	\$ 960,554,936	\$ 849,931,618
C. Goal: FAMILY VIOLENCE SERVICES		
To protect adult victims and their children from family violence.		
Outcome (Results/Impact):		
Percent of Adult Victims of Family Violence Requesting Shelter Who Could Not Receive Shelter Due to Lack of Space		
C.1.1. Strategy: FAMILY VIOLENCE SERVICES	\$ 20,271,411	\$ 20,271,411
Provide emergency shelter and support services to victims of family violence and their children, educate the public, and provide training and prevention support to institutions and agencies.		
Output (Volume):		
Number of Women and Children Served	89,431	89,431
Efficiencies:		
Department of Human Services Average Cost Per Person		
Receiving Emergency Shelter and/or Nonresident Services	226.68	226.68
D. Goal: INDIRECT ADMINISTRATION		
D.1.1. Strategy: CENTRAL ADMINISTRATION	\$ 26,025,831	\$ 26,025,831
D.1.2. Strategy: INFORMATION RESOURCES	\$ 54,001,152	\$ 54,903,144
D.1.3. Strategy: OTHER SUPPORT SERVICES	\$ 11,565,881	\$ 11,565,881
D.1.4. Strategy: REGIONAL ADMINISTRATION	\$ 11,703,995	\$ 11,703,995
Total, Goal D: INDIRECT ADMINISTRATION	\$ 103,296,859	\$ 104,198,851
Grand Total, DEPARTMENT OF HUMAN SERVICES	\$ 4,665,087,064	\$ 4,408,800,676
Method of Financing:		
<u>General Revenue Fund</u>		
General Revenue Fund	\$ 38,708,647	\$ 41,016,892
General Revenue Match for Medicaid	1,421,445,837	1,352,860,016
GR Match for Food Stamp Administration	96,096,776	95,577,962
GR MOE for Temporary Assistance for Needy Families	121,599,427	121,599,427
Earned Federal Funds, estimated	6,605,847	6,348,447
Subtotal, General Revenue Fund	\$ 1,684,456,534	\$ 1,617,402,744
<u>General Revenue Fund - Dedicated</u>		
Compensation to Victims of Crime Account No. 469	15,356,332	15,356,332
Home Health Services Account No. 5018	2,203,011	2,203,011
Subtotal, General Revenue Fund - Dedicated	\$ 17,559,343	\$ 17,559,343
Federal Funds	2,895,764,161	2,742,938,474

DEPARTMENT OF HUMAN SERVICES
(Continued)

<u>Other Funds</u>		
Interagency Contracts	25,699,351	25,699,351
Appropriated Receipts	5,064,477	5,200,764
Bond Proceeds - Revenue Bonds	36,543,198	0
Subtotal, Other Funds	\$ 67,307,026	\$ 30,900,115
Total, Method of Financing	\$ 4,665,087,064	\$ 4,408,800,676
Number of Full-Time-Equivalent Positions (FTE)- State and Federal Funds	14,325.2	14,325.2
Number of Full-Time-Equivalent Positions (FTE)- Local and Federal Funds	697.0	697.0
Schedule of Exempt Positions:		
* Commissioner, Group 6	\$150,000	\$150,000
Supplemental Appropriations Made in Riders:	\$ 17,839,196	\$ 17,785,571

1. **Capital Budget.** None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease Payments to the Master Lease Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103.

	<u>2002</u>	<u>2003</u>
a. Acquisition of Information Resource Technologies		
(1) Texas Integrated Eligibility Redesign System	\$ 92,912,508	\$ UB
(2) Texas Integrated Eligiblity Redesign System (TIERS): Bond Purchases	36,543,198	UB
Total, Acquisition of Information Resource Technologies	\$ 129,455,706	\$ 0
b. Acquisition of Capital Equipment and Items		
(1) Health and Human Services Consolidated Printshop Equipment	710,000	665,000
(2) Debt Service for Revenue Bonds	3,664,500	3,734,300 & UB
Total, Acquisition of Capital Equipment and Items	\$ 4,374,500	\$ 4,399,300
c. Other Lease Payments to the Master Lease Purchase Program (MLPP)		
(1) MLPP Payments 2000-2001 Purchases	2,982,649	3,872,252
Total, Other Lease Payments to the Master Lease Purchase Program (MLPP)	\$ 2,982,649	\$ 3,872,252
Total, Capital Budget	\$ 136,812,855	\$ 8,271,552

*Correction to appropriate Group.

DEPARTMENT OF HUMAN SERVICES
(Continued)

Method of Financing (Capital Budget):

<u>General Revenue Fund</u>		
General Revenue Fund	\$ 11,891,460	\$ 521,685
GR Match for Medicaid	6,855,754	614,760
Earned Federal Funds	1,649,025	1,680,435
GR Match for Title XXI (CHIP)	1,147	1,890
GR Match for Food Stamp Administration	884,631	1,034,685
Subtotal, General Revenue Fund	<u>\$ 21,282,017</u>	<u>\$ 3,853,455</u>
Federal Funds	78,722,497	4,197,954
<u>Other Funds</u>		
Interagency Contracts	265,143	220,143
Bond Proceeds - Revenue Bonds	36,543,198	0
Subtotal, Other Funds	<u>\$ 36,808,341</u>	<u>\$ 220,143</u>
Total, Method of Financing	<u>\$ 136,812,855</u>	<u>\$ 8,271,552</u>

2. **Medical Assistance Payments.** General revenue funds appropriated herein above for all Medicaid services shall be made available to the agency by the Comptroller of Public Accounts in equal monthly installments on the first day of each calendar month; provided, however, that any balances on hand in such funds may be carried over from month to month during each fiscal year and from fiscal year 2002 to fiscal year 2003, and such funds are appropriated to the department for the 2002–03 biennium.
3. **Federal Funds Appropriated.** The appropriations herein made may be used to match federal funds granted to the state for the payment of personal services, travel and other necessary expenses in connection with the administration and operation of a state program of public welfare services. The Department of Human Services is hereby authorized to receive and disburse in accordance with plans acceptable to the responsible federal agency, all federal moneys that are made available (including grants, allotments, and reimbursements) to the state and retain their character as federal funds for such purposes and all fees authorized by federal law, and to receive, administer, and disburse federal funds for federal programs in accordance with plans agreed upon by the Department of Human Services and the responsible federal agency, and such other activities as come under the authority of the Department of Human Services, and such moneys are appropriated to the specific purpose or purposes for which they are granted or otherwise made available. Earned federal funds are not considered to be federal funds for the purpose of this section.
4. **Federal, State and Local Funds Appropriated.** The Department of Human Services is hereby authorized to accept all moneys appropriated by the federal or state governments, or by the Commissioners' Court of any county, or by any political subdivisions, as provided by § 11.003 of the Human Resources Code, as amended, for any purpose including but not limited to the cost of distributing foods to needy people, institutions, school lunch programs, or otherwise as provided by the laws of the United States and the rules and regulations issued pursuant thereto for the distribution of commodities as they now read or as they may be hereafter amended, and to deposit said moneys in the State Treasury. All of said funds are hereby appropriated to the Department of Human Services for the purposes for which they were granted.
5. **Appropriation of Federal and Local Funds.** All funds received by the department from counties, cities, federal agencies and from any other local source and all balances from such sources as of August 31, 2001, are hereby appropriated for the biennium ending August 31, 2003, for the purpose of carrying out the provisions of this Act.

DEPARTMENT OF HUMAN SERVICES

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6. **Food Stamp Program Funds Appropriated.** The Department of Human Services is hereby designated as the state agency to establish and operate a statewide Food Stamp Program and to accept all moneys appropriated for this purpose by the federal or state governments, by the Commissioners' Court of any county, by any political subdivisions of the state, or received from any other source as provided for herein and in Chapter 33, Human Resources Code. The Department of Human Services is authorized to expend such funds for welfare purposes, including the cost of distributing foods to needy people, institutions, school lunch programs, or otherwise as provided by the laws of the United States and the rules and regulations issued pursuant thereto, for the establishment and operation of a statewide Food Stamp Program, and for the employment of essential personnel who shall be employed under a merit system basis comparable to the merit principles or standards applicable to all other personnel of the department.
7. **Nursing Home Program Provisions.**
 - a. **Nursing Home Income Eligibility Cap.** It is the intent of the Legislature that the income eligibility cap for nursing home care shall be maintained at the federal maximum level of 300 percent of Supplemental Security Income (SSI). Further, it is the intent of the Legislature that any cost-of-living increase in social security or other benefits sponsored by the federal government or that any increase in other pension plans should not result in the termination of Title XIX benefits for persons already eligible for services. The Department of Human Services is hereby authorized to expend general revenue funds to the extent necessary to insure the continuation of benefits to persons eligible.
 - b. **Limitation of Per Day Cost of Alternate Care.**
 - (1) Subject to the exception in (2), no funds shall be expended by the Department of Human Services for alternate care where the cost per patient per day exceeds the average Medicaid Nursing Facility rate or the patient's nursing facility rate, whichever is greater, except for cases individually exempted by the Board of Human Services or by the Commissioner of Human Services.
 - (2) The department may not disallow or jeopardize community services for individuals currently receiving services under Medicaid waivers if those services are required for that individual to live in the most integrated setting and the exemption complies with the federal Health Care Financing Authority's cost-effectiveness requirements.
 - c. **Establishment of a Swing-bed Program.** Out of the funds appropriated above for nursing home vendor payments, the department shall maintain a "swing-bed" program, in accordance with federal regulations, to provide reimbursement for skilled nursing patients who are served in hospital settings in counties with a population of 100,000 or less. If the swing beds are used for more than one 30-day length of stay per year per patient, the hospital must comply with the regulations and standards required for nursing home facilities.
 - d. **Nursing Home Bed Capacity Planning.** It is the intent of the Legislature that the department shall establish by rule procedures for controlling the number of Medicaid beds and for the decertification of unused Medicaid beds and for reallocating some or all of the decertified Medicaid beds. The procedures shall take into account a facility's occupancy rate.
 - e. **Nursing Facility Competition.** It is the intent of the Legislature that the department encourage competition among contracted nursing facilities.

DEPARTMENT OF HUMAN SERVICES

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8. **Appropriation of Receipts: Civil Monetary Damages and Penalties.** Included in the General Revenue Funds appropriated above is \$2,660,000 for the biennium from funds collected as civil monetary damages and penalties under Human Resources Code § 32.039. Any amounts above \$2,660,000 are hereby appropriated to the department in amounts equal to the costs of the investigation and collection proceedings conducted under that section, and any amounts collected as reimbursement for claims paid by the department.
9. **Salaries of Probationary Employees.** It is provided that funds herein appropriated may be expended at rates established by the Department of Human Services for the salaries of employees who are newly hired, transferred or promoted into bona fide administrative or professional jobs and who are participating in a formalized training program in conjunction with their period of probationary service. At the successful conclusion of the probationary period these employees will be moved into regular classified positions.
10. **Appropriations Limited to Revenue Collections.** It is the intent of the Legislature that fees, fines, and other miscellaneous revenues as authorized and generated by the agency cover, at a minimum, the cost of the appropriations made above for the Nursing Facility Administrator program in Strategy A.2.2, Long Term Care Credentialing and Home Health and Community Support Service Agencies program in Strategy A.1.3, Home and Community Support Services Licensing as well as the “other direct and indirect costs” associated with this program, appropriated elsewhere in this Act. Direct costs for the Nursing Facility Administrator program are estimated to be \$376,248 for fiscal year 2002 and \$376,618 for fiscal year 2003. Direct costs for the Home and Community Support Services Licensing program are estimated to be \$1,925,224 for fiscal year 2002 and \$1,925,224 for fiscal year 2003. “Other direct and indirect costs” for the Nursing Facility Administrator program are estimated to be \$64,050 for fiscal year 2002 and \$67,554 for fiscal year 2003. “Other direct and indirect costs” for the Home and Community Support Services Licensing program are estimated to be \$652,868 for fiscal year 2002 and \$690,848 for fiscal year 2003. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct that the Comptroller of Public Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available.
11. **Accounting of Support Costs.** The State Comptroller shall establish separate accounts from which certain support costs shall be paid. The Department of Human Services is hereby authorized to make transfers into these separate accounts from line item strategies in order to pay for these expenses in an efficient and effective manner. Only costs not directly attributable to a single program may be budgeted in or paid from these accounts. Items to be budgeted in and paid from these accounts include, but are not limited to: postage, occupancy costs, equipment repair, telephones, office printing costs, supplies, freight and transport costs, telephone system costs, and salary and travel costs of staff whose function supports several programs. The department shall be responsible for monthly allocations of these costs to the original strategies.
12. **Fund Transfers for Funds Consolidation.** For the purpose of funds consolidation, federal and other funds may be transferred into the General Revenue Fund from the Department of Human Services Fund 117. The initial deposit of federal funds shall be made into Fund 117 and no direct expenditures shall be made from this fund.
13. **Pediatric Care in Nursing Facilities.** In determining the appropriate placement for children who currently receive care in nursing facilities, the department shall, within the requirements of federal law, consider the requests of parents concerning either a continued stay in a nursing facility providing skilled pediatric care or an alternate placement.

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14. **Limitation: Transfer Authority.** Notwithstanding any other provision of this Act, none of the funds appropriated by this Act to the Department of Human Services for

- a. A.1.1. Community Care Services;
- b. A.1.3. LTC Eligibility & Service Planning;
- c. A.1.4. Nursing Facility & Hospice Payments;
- d. A.1.5. Integrated Service Delivery Systems;
- e. A.2.1. Long-Term Care Facility Regulation; and
- f. B.1.2. CSS Eligibility & Issuance Services

may be transferred to any other item of appropriation or expended for any purpose other than the specific purpose for which the funds are appropriated, however, transfers may be made between Medicaid Strategies in accordance with other provisions in this Act.

15. **Additional Funding Sources, Medicaid.** Notwithstanding any other provisions of this Act, if the appropriations provided for

- a. A.1.1. Community Care Services;
- b. A.1.3. LTC Eligibility & Service Planning;
- c. A.1.4. Nursing Facility & Hospice Payments;
- d. A.1.5. Integrated Service Delivery Systems;
- e. A.2.1. Long-Term Care Facility Regulation; and
- f. B.1.2. CSS Eligibility & Issuance Services

are not sufficient to provide for expenditures mandated by either state or federal law, after accounting for any appropriations made to the department and available for transfer to these programs, the Legislative Budget Board and the Office of the Governor may provide for and are hereby authorized to direct the transfer of sufficient amounts of funds to the department from appropriations made elsewhere in this Act.

16. **Medicaid and Other Program Reporting Requirements.**

- a. None of the funds appropriated by this Act to the Department of Human Services may be expended or distributed by the department unless:
 - (1) the department submits to the Legislative Budget Board and the Office of the Governor a copy of each report or petition submitted to the federal government relating to Medicaid, Temporary Assistance for Needy Families, and other programs. This shall include, but is not limited to:
 - i. expenditure data;
 - ii. caseload data;
 - iii. revenue generation;
 - iv. cost allocation revisions;
 - v. state plan amendments; and
 - vi. state plan waivers, including, but not limited to, applications for new waivers or changes to existing waiver services, costs, or authorized number of clients.

Such reports shall be submitted to the Legislative Budget Board and the Office of the Governor no later than the date the respective report is submitted to the federal government, and

- (2) the department submits to the Legislative Budget Board and the Office of the Governor at the close of each month a report detailing Medicaid, TANF, and other program caseload figures and related expenditure amounts for the preceding 36

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months, and projecting the anticipated Medicaid and other program caseloads, related expenditure amounts, and full-time equivalent requirements for the 36 month period beginning with the first month after the report is due. The report shall be prepared in a format specified by the Legislative Budget Board.

- b. Each report submitted to the Legislative Budget Board and the Office of the Governor pursuant to this provision must be accompanied by supporting documentation detailing the sources and methodologies utilized to develop any caseload or cost projections contained in each respective report and any other supporting material as specified by the Legislative Budget Board and the Office of the Governor.
 - c. Each report submitted pursuant to this provision must contain a certification by the person submitting the report that the information provided is true and correct based upon information and belief together with supporting documentation.
 - d. The Comptroller of Public Accounts shall not allow the expenditure of funds appropriated by this Act to the Department of Human Services if the Legislative Budget Board and the Office of the Governor certify to the Comptroller of Public Accounts that the Department of Human Services is not in compliance with this provision.
 - e. The department shall submit to the Legislative Budget Board and the Office of the Governor a monthly report on expenditures and encumbrances of the agency by strategy. The report shall include, but is not limited to expenditures and methods of finance, number of full-time equivalent positions, both state/federal and local/federal, Earned Federal Funds, and capital budget.
17. **Reduction in Error Rates.** The Department for Human Services shall set progressive goals for improving error rates for eligibility determination of Food Stamp benefits, with a specific schedule for meeting those goals. The department shall submit a semi-annual status report beginning September 1, 2001, to the Governor and the Legislative Budget Board. The status report shall identify the progress made towards achieving those goals.
18. **Earned Federal Funds.**
- a. The Department of Human Services shall submit a monthly report to the Legislative Budget Board and the Governor which details revenues, expenditures, and balances for earned federal funds as of the last day of the prior month. The report shall be prepared in a format approved by the Legislative Budget Board.
 - b. The authority to receive and expend earned federal funds generated in the 2002–03 biennium in excess of those appropriated above is subject to the following limitations:
 - (1) At least 14 days prior to any expenditure of earned federal funds in excess of those appropriated, the department shall report the earned federal funds received and provide documentation of the proposed use of these funds to the Legislative Budget Board, Governor, and Health and Human Services Commission. At least 14 days prior to any meeting of the Board of Human Services to budget any use of earned federal funds above levels indicated in the appropriation above or to consider any program expansion, the department shall report the earned federal funds received and provide documentation of the proposed use of these funds to the Legislative Budget Board, Governor, and Health and Human Services Commission.
 - (2) Notifications shall include information regarding the need which will be served with the additional revenue. In the event program expansions are under consideration,

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information shall be forwarded regarding the population to be served; criteria for eligibility; and impact upon existing programs.

- (3) The report shall include the information detailed in "2" and identify the impact on established performance targets, measures, and full-time equivalent positions. The method of financing item, Earned Federal Funds, for appropriations made above includes unexpended and unobligated balances of earned federal funds remaining as of August 31, 2001, and receipts earned in fiscal years 2002 and 2003.
19. **Leases.** No funds under this Act may be expended for building space leased for the Department of Human Services which is totally vacated by the Department of Human Services.
20. **Child Support Supplemental Payments.** Out of the funds appropriated above in Strategy B.1.1, TANF Grants, and child support collections from the Child Support Trust Fund, the department shall make supplemental payments to families receiving welfare who would be eligible to receive child support "pass through" and "first excess" payments under the Social Security Act Title IV-D child support distribution requirements prior to passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. These payments shall equal the amount of the "pass through" and "first excess" payment the family would have received under prior law. Child support collections shall comprise a portion of each total payment. The portion of the total payment funded with child support collections shall equal the state share of the Federal Medical Assistance Percentage (FMAP) for the fiscal year. If child support "pass through" or "first excess" payment distribution requirements are modified by federal law after enactment of this provision, the department, in cooperation with the Office of the Attorney General, shall adjust the supplemental payments as necessary to be consistent with federal law and to not exceed the total the family would have received prior to welfare reform. The department shall report any change to child support supplemental payments to the Governor and Legislative Budget Board.
21. **Temporary Emergency Assistance for Families At-Risk of Welfare Dependency.** Out of funds appropriated above in Strategy B.1.1, TANF Grants, the department shall provide a one-time emergency assistance payment to applicants for Temporary Assistance for Needy Families (TANF) who are likely to be employed within a short period of time, without referral to the Choices program.
22. **Assistance Registration and Eligibility Determination.** To the extent possible it is the intent of the Legislature that if the Texas Workforce Commission and/or the Department of Human Services require applicants for Temporary Assistance for Needy Families (TANF) assistance to register with the commission before the Department of Human Services can determine their eligibility for benefits, then the registration/orientation for TANF applicants shall be provided at the Department of Human Services offices where the eligibility determination of TANF recipients occurs.
23. **Revolving Account for the Consolidated Health and Human Services Print Shop.** It is the intent of the Legislature that the Department of Human Services establish and maintain the "Revolving Account for the Consolidated Health and Human Services Print Shop" to account for the expenditures, revenues, and balances of managing a full-cost recovery Consolidated Print Shop. The expenditures, revenues, and balances for this operation shall be maintained separately by the Department of Human Services within its accounting system. Any unobligated balances as of August 31, 2002, are appropriated for the same use during fiscal year 2003. For the purpose of meeting cash flow needs, the Department of Human Services may temporarily transfer funds from Strategy D.1.3, Other Support Services, to the revolving account. Transfers must be returned by the end of the fiscal year.

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24. **Appropriation Transfer Between Fiscal Years.** In addition to the transfer authority provided elsewhere in this Act, the Department of Human Services may transfer appropriations made for fiscal year 2003 to fiscal year 2002, subject to the following conditions provided by this section:

- a. Transfers under this section may be made only:
 - (1) If costs associated with providing Long Term Care Medicaid services exceed the funds appropriated for these services for fiscal year 2002, or
 - (2) for any other emergency expenditure requirements, including expenditures necessitated by public calamity.
- b. Transfers may not exceed \$50,000,000 in general revenue.
- c. A transfer authorized by this section must receive the prior approval of the Governor and the Legislative Budget Board.
- d. The Comptroller of Public Accounts shall cooperate as necessary to assist the completion of a transfer and spending made under this section.

25. **Enhanced Federal Funding for Administration of the Food Stamp Program.**

Enhanced federal funding is defined as funding from the federal government which exceeds the normal federal contribution toward administrative costs. The authority to expend enhanced federal funding for administrative costs paid in a prior fiscal year is subject to the following conditions:

- a. Within 30 days of receiving notice of the state's eligibility for enhanced federal funding, as a result of exceeding national accuracy standards for determining client eligibility and benefit levels, the Department of Human Services shall notify the Legislative Budget Board and the Governor;
- b. At least 14 days prior to any meeting of the Board of Human Services to budget the enhanced federal funds, the Department of Human Services shall provide documentation of the proposed use of these funds to the Legislative Budget Board, the Governor, and Health and Human Services Commission. The report shall identify the impact on established performance targets, measures, and full-time equivalent positions, and shall be prepared in a format specified by the Legislative Budget Board.
- c. In the event that the state receives enhanced federal funds, the Department of Human Services is appropriated all enhanced federal funds received by the agency subject to all limitations in this rider and to the following:
 - (1) a portion of these funds, not to exceed \$2.0 million of these funds for the biennium, shall be used by the Department of Human Services for the development and operation of a nutrition education and outreach program, or for activities that otherwise improve low-income consumers' access to basic nutrition and healthy foods;
 - (2) a portion of these funds, \$5.0 million for the biennium, shall be used by the Department of Human Services to provide bonuses to position classifications whose efforts directly contributed to meeting these performance standards, or to position classifications who meet or exceed customer service performance standards developed by the department, or whose efforts directly contributed to increasing the percentage of eligible persons who receive Food Stamps; and

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- (3) any additional amounts shall be used by the Department of Human Services, and matched with appropriate federal funds, in order to continue the Texas Integrated Eligibility Redesign System (TIERS) project. The Department of Human Services' capital budget authority shall be increased by the amount of funds received and expended for the TIERS project, subject to the department notifying the Legislative Budget Board and the Governor, in addition to notifications above, of the department's intent to utilize enhanced federal funds for capital purposes in the TIERS project.
 - d. Before an employee can be eligible for a bonus, the employee must have been employed in the program for the related twelve months, remains employed in the program, and whose performance meets expectations.
 - e. Bonuses given to employees will not affect their eligibility for a merit salary increase or a promotion.
 - f. The department shall prepare quarterly reports summarizing the department's progress in implementing the outreach program required in section (c) and file those reports with the standing committees of the Senate and House of Representatives having primary jurisdiction over health and human services.
26. **Reimbursement of Advisory Committees.** Pursuant to VTCA, Government Code § 2110.004, reimbursement of expenses for advisory committee members, out of funds appropriated above, is limited to the following advisory committees:
- a. Nursing Facility Administrators Advisory Committee
 - b. Aged and Disabled Advisory Committee
 - c. Client Self-support Services Advisory Committee
 - d. Personal Care Facility Advisory Committee
 - e. Deaf/Blind Advisory Committee
 - f. Home and Community Support Services Advisory Committee
 - g. Long-term Care Legislative Oversight Committee
27. **Temporary Assistance for Needy Families (TANF) Maintenance of Effort.** It is the intent of the Legislature that all general revenue appropriated above for TANF maintenance of effort shall be expended within the appropriate fiscal year for that purpose in order to secure the TANF federal block grant for the state. Out of funds appropriated above in Strategy B.1.1, TANF Grants, \$121,599,427 in general revenue is appropriated for TANF maintenance of effort for fiscal year 2002, and \$121,599,427 in general revenue is appropriated for TANF maintenance of effort for fiscal year 2003. None of the general revenue appropriated for TANF maintenance of effort in Strategy B.1.1, TANF Grants, may be transferred to any other item of appropriation or expended for any purpose other than the specific purpose for which the funds are appropriated. However, general revenue appropriated for TANF maintenance of effort may be transferred to Strategy B.1.2, Client Self Support Eligibility, subject to the following limitations:
- a. Declines in TANF caseloads prevent the Department of Human Services from expending all general revenue appropriated for TANF maintenance of effort in Strategy B.1.1, TANF Grants, within the appropriate fiscal year;
 - b. The amount of general revenue transferred from Strategy B.1.1, TANF Grants, shall be expended within Strategy B.1.2, Client Self Support Eligibility, for TANF program operating costs (object of expense 2000), within the appropriate fiscal year; and

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(Continued)

- c. At least 14 days prior to transferring general revenue funds from Strategy B.1.1, TANF Grants, to Strategy B.1.2, Client Self Support Eligibility, the Department of Human Services shall notify the Legislative Budget Board and the Governor.
28. **Community Alzheimer's Resources and Education (CARE) Program.** It is the intent of the Legislature that out of amounts appropriated above to Strategy A.1.3, LTC Eligibility and Service Planning, the Department of Human Services shall allocate \$1,532,520 in fiscal year 2002 and \$1,532,520 in fiscal year 2003 for the CARE program. The department shall encourage positive program outcomes, identify and address gaps in service, and improve service delivery. Not later than January 15, 2003, the department shall submit to the Legislature and the Governor a report which identifies progress made toward achieving these goals, identifies actual and planned pilot locations, and assesses the effectiveness of the CARE program in improving understanding of Alzheimer's disease and treatment.
29. **Earned Income Disregard.** It is the intent of the Legislature that out of amounts appropriated above to Strategy B.1.1, TANF Grants, the Department of Human Services is to maintain the earned income disregard for working TANF families. When determining eligibility and benefits, the department shall exclude \$120 of earnings and 90 percent of the remaining earnings for each of the first four months of employment by a recipient. After the first four months of employment, the department shall exclude \$120 of a recipient's earnings each month.
30. **Survey of Nursing Facility Residents.** Out of funds appropriated above in Strategy A.1.4, Nursing Facility and Hospice Payments, the Department of Human Services is allocated
- a. \$360,000 in all funds, of which \$180,000 is general revenue, in fiscal year 2002 to conduct a survey of nursing facility residents. The survey shall assess how satisfied residents are with their quality of care and quality of life. Not later than January 15, 2003, the department shall submit a written report on the survey to the Legislature, Governor, and Health and Human Services Commissioner;
 - b. Up to \$1,000,000 in all funds, of which \$500,000 is general revenue, to perform on-site case reviews of nursing home resident care in specific quality areas. Using measurement tools developed in the Quality Improvement pilot, these reviews will identify preventable occurrences of adverse outcomes. The result of these reviews will be included in the report to the Legislature, Governor and Health and Human Services Commissioner described in (a) above.
31. **TANF Grants.** It is the intent of the Legislature that the department adjust the TANF grant amount each year to ensure that the maximum monthly grant for a family of three is at least 17 percent of the federal poverty level and provide a one-time per year grant of \$60 for each TANF child on August 1 of each year.
32. **Electronic Benefits Transfer (EBT) Program.** Funds appropriated above in Strategy B.1.2, CSS Eligibility and Issuance Services for 2002 for continuation of the Electronic Benefits Transfer (EBT) program, are contingent upon the approval of an updated action plan by the Legislative Budget Board and the Governor. The Department of Human Services shall submit an updated action plan by September 15, 2001. The plan must include an explanation of alternatives considered and identification of how the funds were spent for implementation and a projection of expenditures for the 2002–03 biennium.
33. **Full-time Equivalent Positions (FTE)–Local and Federal Funds.** Only local funds (appropriated receipts) and federal funds may be used to pay salaries, benefits or related costs for the Number of Full-time Equivalent Positions (FTE)–Local and Federal Funds, identified above. The following are included within this cap: 479 worker FTE positions in Strategy B.1.2, CSS Eligibility and Issuance Services, 93 FTE positions in Strategy B.1.3, Nutrition Assistance,

DEPARTMENT OF HUMAN SERVICES
(Continued)

25 FTE positions in Strategy B.1.4, Refugee Assistance, and 100 FTE positions for CHIP, Phase II (or Medicaid Spillover) in Strategy B.1.2, CSS Eligibility and Issuance Services. The Department of Human Services may utilize the FTE authority contained in the Number of Full-time Equivalent Positions (FTE)–Local and Federal Funds only to the extent that local and federal funds are readily available. Under no circumstances may unfilled FTE positions from the Number of Full-time Equivalent Positions (FTE)–Local and Federal Funds be transferred to the Number of Full-time Equivalent Positions (FTE)–State and Federal Funds.

- * 34. **Contingent Appropriation to Texas Department of Human Services for Payment of August 2003 Nursing Home Payment.** The appropriation shown above to the Texas Department of Human Services in this Act under Strategy A.1.4. has been reduced by \$134,760,919 in All Funds, including \$53,634,846 in General Revenue Match for Medicaid, and the Texas Department of Human Services is hereby authorized to defer its August 2003 nursing home payment until September 2003, and the August 2003 payment will be paid from fiscal year 2004 appropriations. However, after and contingent upon the Comptroller providing notice to the Legislative Budget Board and the Governor regarding a finding of fact by the Comptroller (at the time of certification or after certification of this Act) that sufficient revenue is estimated to be available, and following approval by the Legislative Budget Board and Governor, there is hereby appropriated to the Texas Department of Human Services such amounts as may be necessary for payment of the August 2003 nursing home payment (estimated to be \$134,760,919 in All Funds, including \$53,634,846 in General Revenue Match for Medicaid) by August 31, 2003.
35. **Informational Rider–Tobacco Settlement Receipts.** This rider is informational only and does not make any appropriations. In addition to the amounts appropriated above, the Department of Human Services also receives appropriations in Article XII. Amounts appropriated in Article XII are for the following programs in the following amounts and waiver service amounts are net of acute care Medicaid amounts appropriated to the Health and Human Services Commission:

	FY 2002	FY 2003
A.1.1 Community Care Services		
Medically Dependent Children’s Program	\$ 4,020,482	\$ 3,272,507
Community Based Alternatives (CBA)	\$ 15,000,000	\$ 15,000,000
Community Living Assistance and Support Services (CLASS)	\$ 17,682,310	\$ 5,579,403
Deaf-Blind with Multiple Disabilities	\$ 400,000	\$ 400,000
Non-Medicaid Community Care	\$ 7,000,000	\$ 7,100,000
Community Care Acuity	\$ 8,850,000	\$ 8,850,000
Community Care Wages	\$ 25,000,000	\$ 25,000,000

36. **Contingency for the Receipt and Use of Civil Monetary Penalty Funds.** Contingent upon the enactment of legislation authorizing the deposit of revenues collected for Civil Monetary penalties into the Nursing Home Trust Fund, revenues collected for Civil Monetary Penalties as a result of long-term care facilities’ non-compliance with pertinent state and federal Medicaid and federal Medicare rules, by the Seventy-seventh Legislature, revenues collected will be deposited into the Texas Department of Human Services Nursing Home Trust Fund to be used for the protection of the health or property of nursing home residents in facilities that the Texas

*See Veto Proclamation.

DEPARTMENT OF HUMAN SERVICES

(Continued)

Department of Human Services or the Health Care Financing Administration (HCFA) finds noncompliant.

37. **Promoting Independence.** It is the intent of the legislature that as clients relocate from nursing facilities to community care services, funds will be transferred from Nursing Facilities to Community Care Services to cover the cost of the shift in services.
38. **Nursing Facility Beds for Medicaid Eligible Veterans.** Contingent upon a request from the Texas Veterans Land Board, it is the intent of the legislature that the Department of Human Services create a program for Medicaid-eligible veterans that will enable those individuals to be placed in State Veterans Homes. It is further the intent of the legislature that the department amend its nursing facility bed allocation rules to create sufficient certified beds to accommodate the requirements of such a program.
39. **Long-term Care Quality Outreach Program.** Out of funds appropriated above in Strategy A.2.4, Long-term Care Quality Outreach, \$5.0 million in All Funds with \$1,964,028 in General Revenue in fiscal year 2002 and \$5.0 million in All Funds with \$1,964,028 in General Revenue in fiscal year 2003, shall be used for furthering cooperation in the nursing facility survey process through promotion of best practices, provider education and training, and enhanced communication.
 - a. In addition to the funds appropriated above, 82.0 full-time equivalent positions in fiscal year 2002 and 82.0 full-time equivalent positions in fiscal year 2003 shall be used for furthering cooperation in the nursing facility survey process through promotion of best practices, provider education and training, and enhanced communication.
 - b. The Department of Human Services shall report on the progress of the transition and implementation of the program by January 1, 2002. This report should be submitted to Legislative Budget Board, Governor's Office, and appropriate legislative oversight committees.
40. **TANF Separate State Program.** It is the intent of the Legislature that out of amounts appropriated in Strategy B.1.1, TANF Grants, the department shall use funds other than TANF federal funds to provide assistance to two-parent families, and may use funds other than TANF federal funds to provide assistance to families residing in minimum service counties.
41. **Motor Vehicle Allowance for Certain Recipients of TANF and Food Stamps.** For the purposes of determining whether a two-parent family is eligible for financial assistance under the Temporary Assistance for Needy Families (TANF) program, the Department of Human Services shall exclude up to \$15,000 of the fair market value of one motor vehicle owned by the applicant family. This same motor vehicle allowance standard shall be used in determining whether a person meets the resource requirements for eligibility for food assistance under Chapter 33, Human Resources Code.
42. **Outstanding Eligibility Workers.** It is the intent of the Legislature that the department notify hospitals, clinics, and other appropriate entities about the availability of outstationed eligibility workers funded only by local and federal funds.
- * 43. **Texas Integrated Eligibility Redesign Systems (TIERS).** Out of funds appropriated above in fiscal years 2002–03 in Strategy B.1.2, CSS Eligibility and Issuance Services, the Department of Human Services is allocated (for the biennium) \$11,400,000 in General Revenue, \$61,100,000 in Federal Funds, and \$34,900,000 in Revenue Bond Proceeds, totaling *\$107,400,000* in All Funds are contingent upon approval by the Legislative Budget Board and the Governor. The department shall make quarterly reports to the Legislative Budget Board and the Governor on the TIERS project as well as quarterly budgeted amounts, actual expenditures,

*Italicized amount changed to reflect total.

DEPARTMENT OF HUMAN SERVICES

(Continued)

and the status of contracted services, as well as any other information requested. All contracts relating to this project shall include performance measures.

To fund the plan, the department may seek funding from the most cost-effective type of financing, including but not limited to cash acquisition, commercial financing, and financing provided by the Texas Public Finance Authority. Following approval of the plan by the Legislative Budget Board and the Governor the Texas Public Finance Authority may issue revenue bonds or other debt obligations to finance the design, development, acquisition, and implementation of automated data processing systems to support the plan. As provided by Government Code, Chapter 1232, Vernon's Texas Civil Statutes, in recognition that cost estimates are not final at the time that the project is authorized for financing and that bonds may be issued to fund associated costs, including reasonably required reserve funds, capitalized interest, administrative costs of the authority and debt issuing expenses, the principal amount of any issuance of debt for this purpose may be in an amount not to exceed one and one-half the amount of the expected cost for the project being financed. From the proceeds of the issuance and sale of such bonds or debt obligations, such amounts as may be necessary to fund the associated costs of issuances are hereby appropriated to the Texas Public Finance Authority for the fiscal biennium beginning September 1, 2001. From any funds appropriated to the Department of Human Services for the purpose of implementing the project, an amount not to exceed \$7,398,800 (amounts needed for debt service) for the biennium in all funds may be transferred to the Texas Public Finance Authority for lease payments to the Texas Public Finance Authority to pay debt service on the obligations issued by the Texas Public Finance Authority on behalf of the department for the above-mentioned project.

44. **Expenditure Limitations.** Out of the funds appropriated in this Act to the Department of Human Services for Strategy A.1.4, Nursing Facility & Hospice Payments, the General Revenue Amount of \$20 million for each fiscal year of the biennium may only be expended to improve the quality of care in nursing homes. In determining improvement of quality of care, the Commissioner of Human Services shall utilize standards provided by Senate Bill 1839. If Senate Bill 1839 does not become law, or is enacted without providing quality of care standards, the Commissioner may only expend funds subject to this provision after promulgation of rules and standards to improve the quality of nursing facility care in accordance with those standards and upon distribution of such rules and standards to each member of the legislature.
45. **Contingency Appropriation for House Bill 154.** Contingent upon the enactment of House Bill 154, or similar legislation relating to the personal needs allowance for certain Medicaid recipients who are residents of long-term care facilities, by the Seventy-seventh Legislature, Regular Session, the Department of Human Services is hereby appropriated \$7,100,000 in General Revenue and \$10,739,196 in Federal Funds for fiscal year 2002 and \$7,100,000 in General Revenue and \$10,685,571 in Federal Funds for fiscal year 2003 for the purpose of implementing that Act. The Department of Human Services is hereby authorized to transfer the appropriations made pursuant to this provision to the appropriate strategy items of the department's bill pattern. The Department of Human Services shall transfer the amounts necessary to implement the provisions of the bill to the Department of Mental Health and Mental Retardation. The amounts transferred to the Department of Mental Health and Mental Retardation are subject to approval prior to the transfer by the Legislative Budget Board. The Department of Human Services shall notify the Legislative Budget Board of the proposed transfer amounts by September 1 of each fiscal year.

DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION

	For the Years Ending	
	August 31, 2002	August 31, 2003
A. Goal: COMMUNITY MENTAL HEALTH SERVICES		
Increase the abilities of persons with mental illness to lead successful lives in their communities.		
Outcome (Results/Impact):		
Percent of Adults Receiving MH Community Services Whose Functional Level Stabilized or Improved	93%	94%
Percent of Parents Who Are Satisfied with MH Services Delivered to Their Children	96%	96%
A.1.1. Strategy: MH ASSESSMENT AND SERVICE COORD	\$ 80,422,751	\$ 80,422,751
Assess individual needs and assure timely access to appropriate services for persons with mental illness.		
Output (Volume):		
Average Monthly Number of MH Consumers Receiving Assessment and Service Coordination	61,516	61,516
A.1.2. Strategy: ADULT MH COMMUNITY SERVICES	\$ 190,762,744	\$ 190,762,744
Provide services and supports in the community so persons with mental illness can live independently.		
Output (Volume):		
Average Monthly Number of Adult MH Consumers Receiving Assertive Community Treatment (ACT)	1,992	1,992
Average Monthly Number of MH Consumers Receiving Supported Housing Services	2,436	2,436
Efficiencies:		
Average Monthly Cost Per Adult MH Consumers Receiving Assertive Community Treatment (ACT)	747	747
Average Monthly Cost Per Adult MH Consumers Receiving Supported Housing	422	422
A.1.3. Strategy: CHILDREN'S MH COMMUNITY SERVICES	\$ 32,499,104	\$ 32,499,104
Provide services and supports for emotionally disturbed children and their families.		
Output (Volume):		
Average Monthly Number of Children Receiving MH Services In the Community	10,036	10,036
A.1.4. Strategy: MH IN-HOME AND FAMILY SUPPORT	\$ 5,536,937	\$ 5,536,937
Provide grants to adults and children with mental illness so they may live independently or at home with their families.		
A.1.5. Strategy: MH COMMUNITY HOSPITALS	\$ 38,533,235	\$ 38,533,235
Provide inpatient and outpatient treatment, crisis assessment, and medical services to adults and children served in community hospitals.		
Output (Volume):		
Average Daily Number of Occupied Community Hospital Beds	235	233
Efficiencies:		
Average Daily Cost Per Occupied Community Hospital Bed	293.42	293.42
A.1.6. Strategy: NORTHSTAR BEHAVIORAL HEALTH WAIVER	\$ 81,272,916	\$ 81,272,916
Provide mental health and substance abuse inpatient and outpatient services using a managed care model for adults and children.		
Total, Goal A: COMMUNITY MENTAL HEALTH SERVICES	\$ 429,027,687	\$ 429,027,687

DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION
(Continued)

B. Goal: MH SPECIALIZED SERVICES

Promote the recovery and abilities of persons with mental illness who require specialized treatment not available in community settings.

Outcome (Results/Impact):

Percent of Customers Receiving MH Campus Services Whose Functional Level Stabilized or Improved	97%	97%
B.1.1. Strategy: MH STATE HOSPITAL SERVICES	\$ 207,061,388	\$ 205,732,172
Provide specialized assessment, treatment and medical services in state mental health facility programs.		
Output (Volume):		
Average Daily Census of State Mental Health Facilities	2,235	2,237
Average Monthly Number of State Mental Health Facility Consumers Receiving New Generation Medication Services	2,035	2,035
Efficiencies:		
Average Daily Facility Cost Per Occupied State Mental Health Facility Bed	288	286
Average Monthly Cost of New Generation Medications Per State Mental Health Facility Consumer Receiving New Generation Medication Services	282	282
B.1.2. Strategy: MH STATE HOSPITAL ADMINISTRATION	\$ 32,240,137	\$ 32,240,137
Administer and support specialized assessment, treatment, and medical services in state mental health facility programs.		
Total, Goal B: MH SPECIALIZED SERVICES	\$ 239,301,525	\$ 237,972,309

C. Goal: COMMUNITY MR SERVICES

Support the abilities of persons with mental retardation to lead successful lives in their communities.

Outcome (Results/Impact):

Number of Consumers with MR Discharged from Campus to Community	50	50
Percent of Available HCS Placements Filled	93%	93%
C.1.1. Strategy: MR ASSESSMENT AND SERVICE COORD	\$ 59,230,325	\$ 59,230,325
Assess individual needs and assure timely access to appropriate services for persons with mental retardation.		
Output (Volume):		
Average Monthly Number of Consumers with MR Receiving Assessment and Service Coordination	15,830	15,830
Efficiencies:		
Average Monthly Cost Per Consumer with MR Receiving Assessment and Service Coordination	323.09	323.09
C.1.2. Strategy: MR COMMUNITY SERVICES	\$ 114,063,975	\$ 114,063,975
Provide services and supports for persons with mental retardation who reside in the community.		
Output (Volume):		
Average Monthly Number of Consumers with MR Receiving Community Services	5,987	5,996
C.1.3. Strategy: MR IN-HOME AND FAMILY SUPPORT	\$ 12,707,989	\$ 12,707,989
Provide grants to adults and children with mental retardation so they may live independently or at home with their families.		
Output (Volume):		
Number of Consumers with MR Receiving In-Home and Family Support Per Year	5,150	5,150

DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION
(Continued)

C.1.4. Strategy: MR HOME & COMMUNITY-BASED SERVICES	\$	282,056,189	\$	282,053,272
Provide residential services and supports for persons with mental retardation through Medicaid waiver programs for home and community-based services.				
Output (Volume):				
Average Monthly Number of Consumers Served in the Home and Community-Based Services (HCS) Waiver Program		6,667		6,667
C.1.5. Strategy: MR INTERMEDIATE CARE FACILITIES	\$	360,879,092	\$	360,879,092
Provide residential services and supports for persons with mental retardation living in intermediate care facilities (ICFs/MR).				
Output (Volume):				
Average Number of Persons in ICF/MR Medicaid Beds Per Month, Total		7,644		7,644
Efficiencies:				
Monthly Cost Per ICF/MR Medicaid Eligible Consumer, Total		3,929		3,929
C.1.6. Strategy: MR COMMUNITY RESIDENTIAL SERVICES	\$	<u>12,070,759</u>	\$	<u>12,070,759</u>
Provide non-Medicaid residential services and supports for persons with mental retardation living in the community.				
Output (Volume):				
Average Monthly Number of Non-Medicaid Consumers with MR Receiving Community Residential Services		250		250
Efficiencies:				
Average Monthly Cost Per Non-Medicaid Consumer with MR Receiving Community Residential Services		3,979.91		3,979.91
Total, Goal C: COMMUNITY MR SERVICES	\$	<u>841,008,329</u>	\$	<u>841,005,412</u>

D. Goal: MR SPECIALIZED SERVICES
Promote the well being and abilities of persons with mental retardation who require the most intensive, specialized long-term care.

Outcome (Results/Impact):				
Average Number of Days MR Campus Residents Recommended for Community Placement Wait for Placement		180		180
D.1.1. Strategy: MR STATE SCHOOL SERVICES	\$	285,387,092	\$	283,718,841
Provide specialized assessment, treatment, support, and medical services in state school and state center programs for persons with mental retardation.				
Output (Volume):				
Average Monthly Number of MR Campus Residents		5,425		5,425
Average Monthly Number of Consumers with MR Waiting for Admission to Any State School Campus		8		8
Average Monthly Number of Consumers with MR Waiting for Admission to a Specific State School Campus		2		2
Efficiencies:				
Average Monthly Cost Per MR Campus Resident		4,786		4,750
Average Number of Days Consumers with MR Seeking Admission to Any State School Campus Wait for Admission		90		90
Average Number of Days Consumers with MR Seeking Admission to a Specific State School Campus Wait for Admission		90		90

DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION
(Continued)

D.1.2. Strategy: MR STATE SCHOOL ADMINISTRATION Administer and support specialized assessment, treatment, support, and medical services in state school and state center programs.	\$ 33,752,530	\$ 33,752,530
Total, Goal D: MR SPECIALIZED SERVICES	\$ 319,139,622	\$ 317,471,371
E. Goal: IMPROVE SYSTEM QUALITY Efficiently manage and improve the assets and infrastructure of state facilities.		
E.1.1. Strategy: CAPITAL CONSTRUCTION Construct and renovate facilities for the delivery of care in state facilities.	\$ 3,291,713	\$ 2,362,680
F. Goal: INDIRECT ADMINISTRATION Assure the efficiency, quality, and effective administration of services provided to persons with mental illness and mental retardation.		
F.1.1. Strategy: CENTRAL ADMINISTRATION	\$ 19,814,158	\$ 19,814,159
F.1.2. Strategy: INFORMATION RESOURCES	\$ 6,598,441	\$ 6,598,441
F.1.3. Strategy: OTHER SUPPORT SERVICES	\$ 1,937,486	\$ 1,937,486
Total, Goal F: INDIRECT ADMINISTRATION	\$ 28,350,085	\$ 28,350,086
Grand Total, DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION	\$ 1,860,118,961	\$ 1,856,189,545
Method of Financing:		
<u>General Revenue Fund</u>		
General Revenue Fund	\$ 404,141,168	\$ 402,683,354
GR Match for Medicaid	257,940,267	258,758,678
GR for Mental Health Block Grant	231,819,691	231,819,691
GR Certified as Match for Medicaid	185,226,931	181,630,415
Subtotal, General Revenue Fund	\$ 1,079,128,057	\$ 1,074,892,138
Federal Funds	726,040,827	726,468,989
<u>Other Funds</u>		
Interagency Contracts	17,026,442	17,026,442
MHMR Collections for Patient Support and Maintenance	18,076,845	18,010,925
MHMR Appropriated Receipts	9,561,509	9,552,611
MHMR Medicare Receipts	10,285,281	10,238,440
Subtotal, Other Funds	\$ 54,950,077	\$ 54,828,418
Total, Method of Financing	\$ 1,860,118,961	\$ 1,856,189,545
Number of Full-Time-Equivalent Positions (FTE):	19,717.7	19,717.7
Schedule of Exempt Positions:		
Commissioner, Group 6	\$140,000	\$140,000
Supplemental Appropriations Made in Riders:	\$ 8,704,160	\$ 8,704,160

DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION
(Continued)

LIMITATIONS ON EXPENDITURES

1. **Capital Budget.** None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease payments to the Master Lease Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103.

	<u>2002</u>	<u>2003</u>
Out of the General Revenue Fund:		
a. Repair or Rehabilitation of Buildings and Facilities		
(1) Life Safety Code and Other Critical Repairs	\$ 3,291,713	\$ 2,362,680
b. Other Lease Payments to the Master Lease Purchase Program (MLPP)		
(1) Lease Payments to Master Lease Program	\$ 6,158,854	\$ 2,244,035
Total, Capital Budget	<u>\$ 9,450,567</u>	<u>\$ 4,606,715</u>

2. **Limitation of Specific Strategy Transfers.** The transfer of appropriations from Strategy B.1.1, Mental Health State Hospital Services, to any other strategy is limited to 10 percent and the transfer of appropriations from Strategy D.1.1, State School Services, to any other strategy is limited to 5 percent without the prior approval of the Legislative Budget Board and the Governor.

3. **Medicaid and Other Reporting Requirements.**

- a. None of the funds appropriated by this Act to the Texas Department of Mental Health and Mental Retardation may be expended or distributed by the department unless:

- (1) the department submits to the Legislative Budget Board and the Governor a copy of each report submitted to the federal government relating to the Medicaid program. This shall include, but is not limited to:
- i. expenditure data;
 - ii. caseload data;
 - iii. interest earnings;
 - iv. State plan amendments; and
 - v. State plan waivers.

Such reports shall be submitted to the Legislative Budget Board and the Governor no later than the date the respective report is submitted to the federal government, and

- (2) the department submits to the Legislative Budget Board and the Governor at the end of each month: i.) a report detailing the Medicaid and Medicare caseload figures and related expenditure amounts for the preceding month; and ii.) a report projecting the anticipated Medicaid and Medicare caseloads for the 36 months period beginning with the first month after the report is due.
- b. Each report submitted to the Legislative Budget Board and the Governor pursuant to this provision must be accompanied by supporting documentation detailing the sources and methodologies utilized to develop any caseload or cost projections contained in each

DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION
(Continued)

respective report and any other supporting materials as specified by the Legislative Budget Board and the Governor.

- c. Each report submitted pursuant to this provision must contain a certification by the person submitting the report, that the information provided is true and correct based upon information and belief together with supporting documentation.
 - d. The Comptroller of Public Accounts shall not allow the expenditure of funds appropriated by this Act to the Texas Department of Mental Health and Mental Retardation if the Legislative Budget Board and the Governor certify to the Comptroller of Public Accounts that the Department of Mental Health and Mental Retardation is not in compliance with this provision.
4. **Appropriation for State School and State Hospital Services.**
- a. Out of the funds appropriated above for Strategy B.1.1, MH State Hospital Services, \$4,840,793 in General Revenue Funds for fiscal year 2002 and \$4,962,983 in General Revenue Funds for fiscal year 2003, and for Strategy D.1.1, MR State School Services, \$35,798,718 in General Revenue Funds for fiscal year 2002 and \$36,367,378 in General Revenue Funds for fiscal year 2003, may only be spent if the Department of Mental Health and Mental Retardation ("the department") complies with the following limitations and conditions:
 - (1) Each month, the department must transfer the full monthly amount of estimated Federal and Other Funds for employee benefit and bond debt service payments for state hospitals and state schools, as determined by the Comptroller of Public Accounts, to the state agencies that are responsible for making these employee benefit and bond debt service payments.
 - (2) Each month, the Comptroller of Public Accounts may release up to one-twelfth of the total annual amount of the General Revenue Funds appropriated above for each fiscal year that are subject to the limitations and conditions set forth by this section upon receiving documentation that the department has transferred the full monthly amount of estimated Federal and Other Funds for employee benefit and bond debt service payments for Goal B, MH Specialized Services (state hospitals) and Goal D, MR Specialized Services (state schools) for the month (as required to do so in subsection (a)(1)).
 - (3) The department may not expend General Revenue Funds appropriated above that are subject to the limitations and conditions set forth by this section in excess of the total monthly amount of estimated Federal and Other Funds transferred under subsection (a)(1).
 - b. The department shall report monthly to the Legislative Budget Board and the Governor on:
 - (1) The full amount of funds, by method-of-finance, transferred to other state agencies for payment of employee benefits and bond debt service associated with each strategy in its bill pattern, and
 - (2) The total amount of General Revenue Funds expended from Strategy B.1.1, MH State Hospital Services, and Strategy D.1.1, MR State School Services, that are subject to the limitations and conditions set forth by this section.

The form and content of the monthly report may be prescribed by the Legislative Budget Board and the Governor.

DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION

(Continued)

- c. It is the intent of the Legislature that the department continue working with the Legislative Budget Board and the Comptroller of Public Accounts to identify and resolve issues relating to proportionality in the payment of employee benefits and bond debt service by the department.

REVENUE CLASSIFICATION

5. MHMR Collections for Patient Support and Maintenance.

- a. **Definition.** For the purposes of this section and appropriation authority for the Department of Mental Health and Mental Retardation, MHMR Collections for Patient Support and Maintenance are defined as reimbursements received for health and other services provided to individuals in state hospitals, state operated community services, state operated intermediate care facilities for the mentally retarded (ICF-MR) and state schools from third party payers including insurance companies, clients, relatives, trusts and estates, and government retirement benefit programs including the US Civil Service, Federal Railroad, State, Social Security, Teacher and Veteran's Administration.
- b. **Classification for depositing revenues and reporting of expenditures.** For the purpose of revenue classification for depositing and expending certain collections related to the support and maintenance of patients, the following Revenue Object Codes as defined by the Comptroller of Public Accounts shall be used for recording collections, reporting expenditures, and requesting legislative appropriations by the Department of Mental Health and Mental Retardation:
 - (1) Revenue Object Codes 3595, 3606, 3614, and 3618 as defined by the Comptroller of Public Accounts shall be used to record collections and deposits from the above defined sources into the General Revenue Fund
 - i. 3595: Medical Assistance Cost Recovery
 - ii. 3606: Support and Maintenance of Patients
 - iii. 3614: Counseling, Care and Treatment of Outpatients
 - iv. 3618: Welfare/MHMR Service Fees (Child Support)
 - (2) Automated Budget and Evaluation System of Texas (ABEST) Method of Financing (MOF) Code 8031- MHMR Collections for Patient Support and Maintenance shall be used to report expenditures and request legislative appropriations from collections/deposits made to Revenue Object Codes 3595, 3606, 3614, and 3618.
- c. **Appropriation authority and accounting for expenditures of MHMR Collections for Patient Support and Maintenance.** The Department of Mental Health and Mental Retardation is authorized to receive and expend MHMR Collections for Patient Support and Maintenance as a first source, and general revenue shall be used as a second source, to support the state hospitals, state operated intermediate care facilities for the mentally retarded (ICF-MR), and state operated community services. In the event that these revenues should be greater than the amounts identified in the method of financing above as MHMR Collections for Patient Support and Maintenance, the department is hereby appropriated and authorized to expend these state funds hereby made available. The expenditure of MHMR Collections for Patient Support and Maintenance is subject to the following requirements:
 - (1) Amounts available shall be expended prior to utilization of any general revenue available for the same purpose;

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- (2) In the event general revenue has been expended prior to the receipt of MHMR Collections for Patient Support and Maintenance, the department shall reimburse general revenue through the cost allocation process authorized in Article IX of this Act. This process shall be completed on a monthly basis in order to maintain a minimum balance on hand in excess MHMR Collections for Patient Support and Maintenance; and
 - (3) The department shall report monthly to the Legislative Budget Board, Comptroller of Public Accounts, and Governor on MHMR Collections for Patient Support and Maintenance, expenditures and anticipated revenues and balances.
 - d. **Responsibility for proportionate share of indirect costs and benefits.** The Department of Mental Health and Mental Retardation shall ensure that MHMR Collections for Patient Support and Maintenance fund their proportionate share of benefits and statewide allocated indirect costs as required and directed in Article IX of this act.
 - e. **Exclusive appropriation authority.** The preceding subsections of this rider shall be the exclusive appropriation authority for receipts from the above identified sources and none of these receipts shall be appropriated by a provision of Article IX of this Act.
6. **Funds for the Medicaid Program.** For the purposes of this section and appropriation authority for the Medicaid Program responsibilities of the Department of Mental Health and Mental Retardation (TDMHMR), the following subsections provide governance relating to appropriate use, classification and expenditure of funds.
- a. **General Revenue Match for Medicaid.** ABEST Method of Financing Code 758 - GR Match for Medicaid shall be used to report general revenue expenditures and request general revenue appropriations for the state's share of Medicaid payments for the following Medicaid services:
 - (1) Community-based Intermediate Care Facilities for the Mentally Retarded (ICF-MR) that are privately operated through contractual arrangements between private providers and the department;
 - (2) Community-based Intermediate Care Facilities for the Mentally Retarded (ICF-MR) that are operated by the State/department;
 - (3) Home and Community-based Services (HCS) authorized by a 1915(c) federal waiver and provided by state-operated community centers;
 - (4) Home and Community-based Services (HCS) authorized by a 1915(c) federal waiver and provided through contractual arrangements between private providers and the department;
 - (5) Home and Community-based Services - Omnibus Budget Reconciliation Act of 1981 (HCS-O) authorized by a 1915(c) federal waiver and provided by state-operated community centers;
 - (6) Home and Community-based Services - Omnibus Budget Reconciliation Act of 1981 (HCS-O) authorized by a 1915(c) federal waiver and provided through contractual arrangements between private providers and the department;
 - (7) Mental Retardation Local Authority (MRLA) waiver services and case management services provided by local Mental Retardation Authorities;

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- (8) MHMR Medicaid services provided through contracts with Behavioral Health Organizations as a component of the NorthSTAR Project; and
 - (9) Salaries and operating costs related to direct program administration and indirect administration of the department.
- b. **General Revenue Certified as Match for Medicaid.** The Department of Mental Health and Mental Retardation shall use ABEST Method of Financing code 8032 - General Revenue Certified Match for Medicaid to identify general revenue funds requested and reported as expended for the purpose of drawing federal funds and to document that State funds have been spent for Medicaid services and administrative expenditures for the following services:
 - (1) Intermediate care facilities for the mentally retarded that are operated by the State and known as “state schools”;
 - (2) Services delivered in hospitals operated by the Department of Mental Health and Mental Retardation including inpatient services for clients under the age of 21 and services that qualify under the federally approved Institutions for Mental Diseases (IMD) option for clients over the age of 65;
 - (3) Rehabilitation Services as approved in the State Medicaid Plan which are provided by Mental Health Authorities and Mental Retardation Authorities;
 - (4) Service Coordination Services as approved in the State Medicaid Plan provided by Mental Health Authorities and Mental Retardation Authorities; and
 - (5) Medicaid Administrative Claims as approved in the State Medicaid Plan which are based on certain activities of Mental Health Authorities and Mental Retardation Authorities.
- c. **Reporting requirements related to General Revenue Matching Funds for the Medicaid Program.** The Department of Mental Health and Mental Retardation shall report monthly to the Legislative Budget Board, Comptroller of Public Accounts and Governor on the expenditures of General Revenue for Medicaid federal matching purposes by the method of financing codes identified above and the amounts of local, non-profit expenditures certified as state match for Medicaid federal funds by the department for services provided by Mental Health Authorities and Mental Retardation Authorities.
- d. **Medicaid Federal Funds.** The Department of Mental Health and Mental Retardation shall report its expenditures and request legislative appropriations for federal Medicaid matching funds for client services, program administration and agency indirect administration. Automated Budgeting and Evaluation System of Texas (ABEST) Method Financing Code (MOF) 555 and Medicaid CFDA 93.778 shall be used for the following:
 - (1) Federal funds drawn from the US Health Care Financing Administration (HCFA) using general revenue funds classified as General Revenue Match for Medicaid (ABEST MOF Code 758) or General Revenue Certified as Match for Medicaid (ABEST MOF Code 8032);
 - (2) Federal funds drawn from HCFA using the department’s certification of local, non-profit expenditures made the Mental Health Authorities and Mental Retardation Authorities on behalf of Medicaid-eligible individuals;

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- (3) Federal funds received from HCFA for services rendered to certain Medicaid-eligible individuals over the age of 65 by federally recognized Institutions for Mental Diseases (IMD Medicaid option) based on billings from hospitals operated by the Department of Mental Health and Mental Retardation to the National Heritage Insurance Company in its capacity as the State's fiscal agent for certain Medicaid payments; and
 - (4) Federal funds received from HCFA for general Medicaid health services including the Comprehensive Care Program for children based on billings from the facilities operated by the Department of Mental Health and Mental Retardation to the National Heritage Insurance Company in its capacity as the State's fiscal agent for certain Medicaid payments.
- e. **Appropriation authority and accounting for Federal Funds for the Medicaid Program.** Amounts defined as Medicaid Federal Funds shall be used as a first source, and general revenue which was not used as matching funds shall not be used to fund Medicaid eligible services. In the event that these revenues should be greater than \$698,507,686 in 2002 and \$689,935,853 in 2003 as included above in Federal Funds, the department is hereby appropriated and authorized to expend these federal funds made available, subject to the following requirements:
 - (1) Amounts made available shall be expended prior to utilization of any general revenue made available for the same purpose;
 - (2) In the event general revenue has been expended prior to the receipt of Medicaid Federal Funds, the department shall reimburse general revenue through the cost allocation process authorized in Article IX of this Act. This process shall be completed on a monthly basis in order to not have an excess balance of Medicaid Federal Funds; and
 - (3) The department shall report monthly to the Legislative Budget Board, Comptroller of Public Accounts and Governor on the amounts of Medicaid Federal Funds drawn and expended.
- f. **Responsibility for proportionate share of indirect costs and benefits.** Nothing in this provision shall exempt the department from provisions of Article IX of this Act which apply equally to direct recoveries of benefits and indirect costs and to amounts recovered through an approved rate structure for services provided. Specifically, the department does not have appropriation authority for Medicaid federal funds claimed on behalf of services provided by other agencies, including:
 - (1) Health and retirement services for active and retired TDMHMR employees paid by the Employee Retirement System;
 - (2) Social Security payments, salary increases authorized in General Provisions, and Benefit Replacement Pay for TDMHMR employees paid by the Comptroller of Public Accounts;
 - (3) Worker's Compensation Payments made on behalf of TDMHMR employees by the State Office of Risk Management;
 - (4) Depreciation and debt service amounts paid of behalf of TDMHMR by the Texas Public Finance Authority; and

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(Continued)

- (5) Indirect cost allocation plans negotiated with HCFA for the purposes of the State-wide Cost Allocation Plan (SWCAP).
 - g. **Exclusive Appropriation Authority.** The preceding subsections of this provision shall be the exclusive appropriation authority for Medicaid Federal Fund receipts from the above identified sources and none of these receipts shall be appropriated by a provision of Article IX of this Act.
7. **MHMR Appropriated Receipts.**
- a. **Definition.** For the purposes of this section and appropriation authority for the Department of Mental Health and Mental Retardation, MHMR Appropriated Receipts are defined as revenues deposited by the Department of Mental Health and Mental Retardation into the following Revenue Object Codes as defined by the Comptroller of Public Accounts:
 - (1) 3719: Fees for Copies or Filing of Records
 - (2) 3738: Grants-Cities/Counties
 - (3) 3739: Grants-Other Political Subdivisions
 - (4) 3740: Grants/Donations-Other
 - (5) 3750: Sale of Furniture & Equipment
 - (6) 3752: Sale of Publication/Advertising (General)
 - (7) 3754: Other Surplus/Salvaged Property/Material Sales
 - (8) 3767: Supplies/Equipment/Services/Federal/Other (General)
 - (9) 3769: Forfeitures
 - (10) 3773: Insurance & Damages
 - (11) 3802: Reimbursements-Third Party
 - (12) 3806: Rental of Housing to State Employees
 - b. **Reporting.** ABEST Method of Financing Code 8033 - MHMR Appropriated Receipts shall be used to report expenditures and request legislative appropriations from the Revenue Object Codes identified above.
 - c. **Appropriation authority and accounting for MHMR Appropriated Receipts.**

Amounts defined as MHMR Appropriated Receipts shall be deposited into the General Revenue Fund according to the identified Revenue Object Codes above. The Department of Mental Health and Mental Retardation is authorized to receive and expend MHMR Appropriated Receipts as a first source, and general revenue shall be used as a second source. In the event that these revenues should be greater than the amounts identified in the method of financing above as MHMR Appropriated Receipts, the department is hereby appropriated and authorized to expend these state funds hereby made available. The expenditure of MHMR Appropriated Receipts is subject to the following requirements:

 - (1) Amounts available shall be expended prior to utilization of any general revenue available for the same purpose. In the event general revenue must be expended, the agency will provide prior notification to the Legislative Budget Board and the Governor's Office of Budget and Planning;
 - (2) In the event general revenue has been expended prior to the receipt of MHMR Appropriated Receipts as defined above, the department shall reimburse general revenue through the cost allocation process authorized in Article IX of this Act. This process shall be completed on a monthly basis in order to maintain a minimum balance on hand in excess MHMR Appropriated Receipts; and
 - (3) The department shall report monthly to the Legislative Budget Board, Comptroller of Public Accounts and Governor on MHMR Appropriated Receipts collections by Revenue Object Code, expenditures and anticipated revenues and balances.

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- d. **Exclusive appropriation authority.** The preceding subsections of this provision shall be the exclusive appropriation authority for Appropriated Receipts from the above identified sources and none of these receipts shall be appropriated by a provision of Article IX of this Act.
8. **Texas Capital Trust Fund Account No. 543.**
- a. **Definition.** For the purposes of this section and appropriation authority, general revenue dedicated funds referred to as Texas Capital Trust Fund Account No. 543 (Chapter 2201, Government Code) are defined as revenues deposited by the Department of Mental Health and Mental Retardation into the following Revenue Object Codes as defined by the Comptroller of Public Accounts:
- (1) 3340: Land Easements
 - (2) 3341: Grazing Lease Rental
 - (3) 3344: Sand, Shell, Gravel and Timber Sales
 - (4) 3349: Land Sales
 - (5) 3746: Rental of Lands and Buildings
 - (6) 3747: Rental - Other
 - (7) 3851: Interest on State Deposits
- b. **Appropriation authority and accounting for Texas Capital Trust Fund Account No. 543.** For the purpose of revenue classification for expending and depositing certain collections related to the Texas Capital Trust Fund Account No. 543, ABEST Method of Finance Code 543 shall be used to report expenditures and request legislative appropriations from collections/deposits made to Revenue Object Codes 3340, 3341, 3344, 3349, 3746, 3747, and 3851 by the department. Appropriations of the Texas Capital Trust Fund Account No. 543 are limited to the amounts identified above.
9. **MHMR Medicare Receipts.**
- a. For the purposes of this section and appropriation authority, the Department of Mental Health and Mental Retardation shall use ABEST Method of Financing Code 8034 as an Other Fund to report expenditures and request legislative appropriations from Medicare funds deposited in Revenue Object Code 3634 that are collected by the department as payment for:
- (1) hospital, physician and other services rendered to Medicare-eligible individuals in facilities operated by the department; and
 - (2) cost settlements for services rendered in state facilities operated by the department as authorized by the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA).
- b. **Appropriation authority and accounting for MHMR Medicare Receipts.** Amounts defined as MHMR Medicare Receipts shall be deposited into the General Revenue Fund according to the identified Comptroller Revenue Object Code above. The Department of Mental Health and Mental Retardation is authorized to receive and expend MHMR Medicare Receipts as a first source, and general revenue shall be used as a second source. In the event that these revenues should be greater than the amounts identified in the method of financing above as MHMR Medicare Receipts, the department is hereby appropriated and authorized to expend these state funds hereby made available. The expenditure of MHMR Medicare Receipts is subject to the following requirements:
- (1) Amounts available shall be expended prior to utilization of any general revenue available for the same purpose. In the event general revenue must be expended, the agency will provide notification to the Legislative Budget Board and the Governor;

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- (2) In the event general revenue has been expended prior to the receipt of MHMR Medicare Receipts as defined above, the department shall reimburse general revenue through the cost allocation process authorized in Article IX of this Act. This process shall be completed on a monthly basis in order to maintain a minimum balance on hand in excess MHMR Medicare Receipts; and
 - (3) The department shall report monthly to the Legislative Budget Board, Comptroller of Public Accounts and Governor on MHMR Medicare Receipts collections by Comptroller Revenue Object Code, expenditures and anticipated revenues and balances.
- c. **Exclusive appropriation authority.** The preceding subsections of this provision shall be the exclusive appropriation authority for MHMR Medicare Receipts from the above identified sources and none of these receipts shall be appropriated by a provision of Article IX of this Act.

BUDGET POLICY AND APPROPRIATION MANAGEMENT

- 10. **State School Medicaid Revenues.** The Department of Mental Health and Mental Retardation shall report monthly to the Legislative Budget Board and the Governor on the distribution of ICF/MR state school revenues to other state agencies. This report shall be submitted no later than 25 days after the close of each month. The format and content of the report shall be prescribed by the Legislative Budget Board.
- 11. **Earned Federal Funds.**
 - a. The Department of Mental Health and Mental Retardation shall submit a quarterly report to the Legislative Budget Board and the Governor which details revenues, expenditures, and balances for earned federal funds as of the last day of the prior quarter. The report shall be prepared in a format approved by the Legislative Budget Board.
 - b. The authority to receive and expend earned federal funds is subject to the following limitations:
 - (1) At least 14 days prior to any expenditure of earned federal funds in excess of those appropriated, the department shall report the earned federal funds received and provide documentation of the proposed use of these funds to the Legislative Budget Board, Governor, and Health and Human Services Commission. At least 14 days prior to any meeting of the Board of Mental Health and Mental Retardation to consider a budget adjustment of any use of earned federal funds above levels indicated in the appropriation above or to consider any program expansion, the department shall report the earned federal funds received and provide documentation of the proposed use of these funds to the Legislative Budget Board, Governor, and Health and Human Services Commission.
 - (2) Notifications shall include information regarding the need which will be served with the additional revenue. In the event program expansions are under consideration, information shall be forwarded regarding the population to be served; criteria for eligibility; and impact upon existing programs.
 - (3) The report shall include the information detailed in “b” and identify the impact on established performance targets, measures, and full-time equivalent positions.

DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION
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12. **Community Hospital Medicaid Services.** The Harris County Psychiatric Center, the El Paso Psychiatric Center, Lubbock Community Hospital, and Galveston Community Hospital shall certify appropriated state funds to the Health and Human Services Commission or its designee for the state share of Medicaid reimbursement for the following services:

- a. Inpatient psychiatric services for children.
- b. Inpatient psychiatric services for age 65 and over (Institute for Mental Disease option).

The Department of Mental Health and Mental Retardation shall report monthly to the Legislative Budget Board and the Governor on the amounts certified by each community hospital.

13. **Home and Community-Based Services (HCS) Waiver Program.** The department shall ensure the cost-effectiveness of the HCS program by limiting the average annual HCS expenditure per client to 80 percent of the average annual per client ICF-MR expenditure. Expenditures for individual clients may exceed this cap as long as the overall average expenditure for HCS clients remains below 80 percent of the annual average. Furthermore, it is the intent of the Legislature that, in order to increase the number of clients served, the overall average monthly expenditure per client shall not exceed \$3,511 per month in fiscal years 2002 and 2003. The Department of Mental Health and Mental Retardation and the Health and Human Services Commission shall report to the Legislative Budget Board and Governor by October 1 of each year of the biennium, on the measures taken to decrease the average cost per person and to increase the number of clients served in the HCS program.
14. **Residential Services Funded by General Revenue.** The Department of Mental Health and Mental Retardation shall refinance, with Medicaid funding, residential services to Medicaid-eligible clients that are currently funded with general revenue. This refinancing effort shall include both public and private general revenue-funded programs. The department shall accomplish this refinancing through the use of the Home and Community-based Services (HCS) waiver program, other Medicaid waiver programs, or, if necessary, the Intermediate Care Facility for the Mentally Retarded program. The department shall submit a report by October 1 of each year of the biennium to the Legislative Budget Board and the Governor that documents the number of persons and residential sites converted to Medicaid funding. The format of this report shall be prescribed by the Legislative Budget Board.
15. **Cash Flow Contingency.** Contingent upon the receipt of federal funds allocated from the Medicaid Program, the department may temporarily utilize additional general revenue funds, pending receipt of federal reimbursement, in an amount not to exceed the anticipated reimbursement, in each year of the biennium. The general revenue amounts utilized above the general revenue method of finance must be repaid upon receipt of federal reimbursement and shall be utilized only for the purpose of temporary cash flow needs. These transfers and repayments shall be credited to the fiscal year being reimbursed and shall be in accordance with procedures established by the Comptroller. All transfers of the method of finance shall be reported by the department to the Legislative Budget Board and the Governor.
16. **Enhanced Equity.** It is the intent of the Legislature that the Department of Mental Health and Mental Retardation shall distribute any funds appropriated for the purpose of expanding or improving services in Strategies A.1.2, Adult MH Community Services, and C.1.2, MR Community Services for community mental health and community mental retardation and for addressing the waiting list in Strategy C.1.4, MR Home and Community-based Services, by applying the allocation methodology recommended in the department's Equity Task Force Report until all local authorities are brought up to the state average in per capita funding. The Equity Task Force Report was adopted by the board and submitted to the Legislature in December of 2000. Allocations to local mental health and mental retardation authorities shall not

DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION
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be reduced for the purpose of redistribution to other authorities to enhance equity. The department shall evaluate its progress at enhancing equity in funding and provide an impact analysis of any change to the previous year's funding, by local authority, to the Legislative Budget Board and the Governor. This report shall be submitted by January 15 of each year of the biennium.

17. **State School Funding.** It is the intent of the Legislature that the department implement a single funding methodology for state schools which funds all state schools equitably and at a level which is adequate to maintain compliance with applicable federal standards. The methodology should be based on the number of residents in each school and the needs of those residents.
18. **Report on Local Authorities.** To ensure that the Legislature and Governor are kept informed of the effects of delegating to a local mental health authority or local mental retardation authority (local authority) the responsibility of planning, coordination, and oversight of mental health and/or mental retardation services in that area, the department shall submit a report by January 15 of each year to the Legislative Budget Board and the Governor. This report shall describe both beneficial and detrimental client outcomes and shall be presented in a format to be prescribed by the Legislative Budget Board.
19. **Community Mental Health and Mental Retardation Centers.** If the department determines that a community mental health and mental retardation center is unable or unwilling to fulfill its contractual obligations to provide services or to exercise adequate control over expenditures and assets, the department may take necessary steps, including the appointment of a management team as authorized by Health and Safety Code, VTCA, §§ 534.038–534.040, to protect the funds appropriated under this Act and ensure the continued provision of services.
20. **Performance Contracts.** Funds in Strategy A.1.5, MH Community Hospitals, shall be allocated through performance contracts with local mental health authorities.
21. **Medicaid and Medicare Collections.** The Department of Mental Health and Mental Retardation shall maximize reimbursement of Medicare and Medicaid funding for all eligible individuals and for all expenditures at the state hospitals, state schools, and state centers.
22. **Use of Timber Receipts for Capital Projects.** The Department of Mental Health and Mental Retardation is hereby authorized to sell timber located on department land. Revenues generated from the sale of timber, estimated at zero for the biennium, shall be deposited into the Texas Capital Trust Fund Account 543.
23. **Rusk State Hospital Timber Sales.** The Department of Mental Health and Mental Retardation is authorized to sell timber located on department land at Rusk State Hospital. Revenues generated from the sale of timber for the biennium shall be deposited into the Texas Capital Trust Fund Account 543.
24. **Third Party Reimbursement for Community Mental Health and Mental Retardation Centers.** It is the intent of the Legislature that community mental health and mental retardation centers maximize third-party reimbursement from Medicaid and the Children's Health Insurance Program for all eligible individuals.

DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION
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BUDGET POLICY AND APPROPRIATION MANAGEMENT, FACILITY-RELATED

25. **Transfers of Appropriation - State Owned Hospitals.**

The Department of Mental Health and Mental Retardation shall transfer from non-Medicaid state appropriated funds the following amounts to the Department of Health for the Disproportionate Share Hospital Reimbursement Program:

	<u>2002</u>	<u>2003</u>
State Mental Hospitals	\$ 258,832,463	\$ 266,551,388
Harris County Psychiatric Center	<u>14,327,747</u>	<u>14,755,030</u>
	<u>\$ 273,160,210</u>	<u>\$ 281,306,418</u>

The timing and form of such transfers shall be determined by the Comptroller of Public Accounts in consultation with the Department of Health. The Legislative Budget Board is authorized to adjust the amounts of such transfers as necessary to match available federal funds. The department shall also transfer non-Medicaid state appropriated funds as necessary for other qualifying state-funded community hospitals.

26. **State School Funding and Staffing Levels.** It is the intent of the legislature that funding for state schools shall be based on the number of residents in each state school at the beginning of the fiscal year and the needs of those residents. Staffing patterns at state schools shall not reflect a census decline until a campus has realized a decline in census.

27. **Barber and Cosmetology Services.** The Department of Mental Health and Mental Retardation may charge fees for barber and cosmetology services provided the fees charged are consistent with an individual's ability to pay. These fees are appropriated to the department to offset the cost of providing barber and cosmetology services. The department may also use patient benefit funds to offset the cost of these services for indigent clients.

28. **Surplus Property.** In order to conserve funds appropriated, surplus personal property may be transferred from one facility to another with or without reimbursement. The Department of Mental Health and Mental Retardation may transfer surplus personal property to community MHMR centers with or without reimbursement. Surplus personal property belonging to any facility may be sold; provided, however, that such transfers or sales shall be made under the same procedure as provided by VTCA, Government Code, Chapter 2175.

29. **Disposition of Construction Appropriation.** Construction appropriations may be used to pay salaries and travel expenses of department engineers and architects and administrative expenses of construction projects (but shall not exceed \$350,000 in a fiscal year that are paid out of G.O. Bonds); architect's and engineer's fees; and the actual travel expenses incurred by them or their representatives in making trips of inspection at the discretion of the department during construction, renovation, or repair of buildings and systems or the installation of fixed equipment. Job titles and rates of pay for such salaried positions of department personnel paid from construction appropriations shall conform with the Position Classification Plan and Classification Salary Schedule.

30. **Road Construction and Maintenance at State Facilities.** Notwithstanding any other provision in law, the Texas Department of Transportation shall construct, repair, and maintain roads in and providing access to and from Texas Department of Mental Health and Mental Retardation facilities.

DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION
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31. **Community Hospital Funding for El Paso Psychiatric Center.** It is the intent of the Legislature that the Department of Mental Health and Mental Retardation allocate \$10,728,855 each year of the biennium from Strategy A.1.5, MH Community Hospitals to El Paso Psychiatric Center. The department shall ensure that all of these funds are utilized at El Paso Psychiatric Center for inpatient services, outpatient services or research at that physical location and at no other facility.

EXPENDITURES SPECIFICALLY AUTHORIZED

32. **Reimbursement of Advisory Committee Members.** Pursuant to VTCA, Government Code, § 2110.004, reimbursement of expenses for advisory committee members, out of the funds appropriated above, is limited to the following advisory committees:

Mental Health Planning and Advisory Committee
Public Responsibility Committees
Citizen's Planning Advisory Committee
Medical Advisory Committee
Mental Retardation Planning and Advisory Committee
Treatment Methods Advisory Committee
MI/Deaf Advisory Committee
State Advisory Committee - Texas Children's Mental Health Plans
Quality Services Council
Quality Improvement Councils (NTE 1 per facility)
Ethics Committees (NTE 1 per facility)
Advisory Committee on Inpatient MH Services

None of the funds for reimbursement shall be redirected from the appropriation for the direct provision of services to the clients of MHMR.

33. **Sunset Contingency: Office For Prevention Of Developmental Disabilities.** The Department of Mental Health and Mental Retardation shall expend, from funds otherwise appropriated to the department by this Act, an amount not to exceed \$120,000 each fiscal year for salaries, benefits, travel expenses, and other support of the Office for Prevention of Developmental Disabilities. These funds appropriated for fiscal year 2003 for the Office for Prevention of Developmental Disabilities are made contingent on the continuation of the Office for Prevention of Developmental Disabilities by the Legislature. In the event that the office is not continued, the funds appropriated for fiscal year 2002 or as much thereof as may be necessary are to be used to provide for the phase out of office operations.
34. **Pilot Project for Persons with Developmental Disabilities.** The Department of Mental Health and Mental Retardation (TDMHMR) is required to develop a pilot project in Midland County which will identify 16 individuals who have required long-term care settings in the past and/or are still in need of and eligible for placement in long-term Medicaid group homes. TDMHMR may expend, out of funds appropriated, \$160,000 in fiscal year 2002 and \$160,000 in fiscal year 2003 for the purposes of this pilot project. These 16 individuals, or their authorized representatives, will be provided the opportunity to direct their own level of care, such that their service plans would include only necessary and requested services. This pilot is intended to demonstrate that provision of only necessary and requested services in a manner prescribed by persons with developmental disabilities will produce less dependent, more productive citizens in a most cost-efficient model. TDMHMR shall provide a full cost/benefit analysis to demonstrate the effects of this model, as well as an instructional format and model for similar projects by July 1, 2003.

DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION
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35. **Mexia State School Medicaid-decertified Beds.** It is the intent of the Legislature that all funds appropriated in Strategy D.1.1, MR State School Services, and D.1.2, MR State School Administration, to fund beds that have been decertified from Medicaid and related costs shall be distributed to Mexia State School.
36. **Community Hospital Funding for Galveston Community Hospital.** Out of funds appropriated above, the Department of Mental Health and Mental Retardation shall allocate \$400,000 in General Revenue for fiscal year 2002 and \$400,000 in General Revenue for fiscal year 2003 for the Galveston Community Hospital, specifically for the purpose of providing outpatient medication services.

ADDITIONAL APPROPRIATION AUTHORITY

37. **Appropriation of Local Funds.** All funds received by the department from counties, cities, and from any other local governmental entity and all balances from such sources as of August 31, 2001, are hereby appropriated for the biennium ending August 31, 2003, for the purpose of carrying out the provisions of this Act. (Estimated to be zero.)
38. **Medical Assistance Payments and Unexpended Balances.** General revenue funds appropriated hereinabove for all Medicaid services shall be made available to the agency by the Comptroller of Public Accounts in equal monthly installments on the first day of each calendar month; provided, however, that any balances on hand in such funds may be carried over from month to month during each fiscal year and from fiscal year 2002 to fiscal year 2003, and such funds are appropriated to the department for the 2002–03 biennium.
39. **Unexpended Construction Balances.** Any unexpended construction, repair, or renovation balances from previous appropriations are hereby appropriated to the Texas Department of Mental Health and Mental Retardation (TDMHMR) for the same purposes, provided that the expenditure of such appropriated funds shall require the approval of the Board of Mental Health and Mental Retardation. At least 14 days prior to board approval, TDMHMR shall report on the appropriated fund sources, amounts and year of appropriation and on the proposed use of these funds to the Legislative Budget Board and the Governor.
40. **Unexpended Balances.** Except as otherwise provided, unexpended and unobligated balances, not to exceed \$10 million, remaining from appropriations for the first year of the biennium to the Department of Mental Health and Mental Retardation are appropriated to the department for the purpose of complying with Joint Commission for the Accreditation of Healthcare Organizations (JCAHO) standards and Intermediate Care Facilities for the Mentally Retarded (ICF-MR) standards dealing with residential, non-residential, and community based mental health and mental retardation services. This paragraph does not apply to those unexpended and unobligated balances remaining from appropriations for the first year of the biennium that the department is authorized by this act to retain for specific purposes in the second year of the biennium. The department shall notify the Legislative Budget Board and the Governor as to when the appropriation originated, why it is not needed, and how it will be used prior to budgeting and expending these balances.
41. **Copyright of Training Materials and Patent of Technologies Developed by the Department.** In addition to the amounts appropriated above, the Department of Mental Health and Mental Retardation is hereby authorized to collect the following fees: a) fees collected from the sale of written training materials, video tapes, audio tapes and in the form of electronic media, such materials having been developed in part or whole by the department; and b) licensing fees collected by the department in exchange for allowing individuals and companies to use any patented technology developed, in part or in whole, by the department. The department is authorized to license the use of any copyright-protected material, trademark, trade secrets,

DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION

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and any patented technology. This does not include any mineral royalties. Fees collected in the sale of training materials described above may be in excess of the actual reproduction cost incurred by the department and shall be used to recoup the costs associated with developing the training materials. Fifty percent of the fees collected in licensing of any patented technology shall be devoted to further research and development of technologies reasonably believed to be of assistance to the department's priority population. The remaining 50 percent shall be deposited to the General Revenue Fund.

42. **Appropriation Transfer Between Fiscal Years.** In addition to the transfer authority provided elsewhere in this Act, the Department of Mental Health and Mental Retardation may transfer appropriations made for the fiscal year ending August 31, 2003, to the fiscal year ending August 31, 2002, subject to the following conditions provided by this section:

- a. Transfers under this section may be made only:
 - (1) if appropriated receipts required to fund appropriations contained in this Act for fiscal year 2002 are less than those contained in the method of finance for the department for fiscal year 2002;
 - (2) for any emergency expenditure requirements, including expenditures necessitated to ensure the continuation of Medicaid client services to maintain fiscal year 2001 Medicaid caseloads.
- b. Transfers may not exceed \$15,000,000 in general revenue.
- c. A transfer authorized by this section must receive the prior approval of the Legislative Budget Board and the Governor.
- d. The Comptroller of Public Accounts shall cooperate as necessary to assist the completion of a transfer and spending made under this section.

43. **Revolving Fund Services: Canteen Services and Sheltered Workshops.**

- a. **Canteen Services.** Each of the facilities under control and management of the Department of Mental Health and Mental Retardation, except the Central Office, may establish, maintain and operate a canteen for the convenience of its patients. Any balances remaining in each canteen operation fund at the end of each fiscal year, plus all receipts deposited to its credit, are appropriated for all costs necessary for the operation of a canteen for the next fiscal year. Each of the facilities under control and management of the department that contracts with the Commission for the Blind for the operation of its canteen shall deposit the amount of monies originally appropriated for its Canteen Operation Fund into the General Revenue Fund. The balance remaining in the facility's Canteen Operation Fund, after the amount originally appropriated is deposited to the General Revenue Fund, shall be deposited to the Benefit Fund created at the facility under the provisions of Health and Safety Code VTCA, § 551.004.

The department shall provide information on related revenues, balances, contracts and profits to the Legislative Budget Board, Governor and Comptroller of Public Accounts. These revenues, expenditures and balances shall be reported and included in agency Operating Budgets, Legislative Appropriation Requests, and Annual Financial Reports. The timetable, format and content for additional monthly reports related to Canteen operations shall be prescribed by the Legislative Budget Board.

DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION
(Continued)

There is hereby appropriated for the biennium beginning with the effective date of this Act revenues accruing to the Canteen Operation Fund in an amount estimated to be \$240,506 from balances on hand on August 31, 2001. Any unobligated balances as of August 31, 2002, are appropriated for the same use during fiscal year 2003.

- b. Sheltered Workshops. The Department of Mental Health and Mental Retardation may maintain a revolving fund for its management responsibilities related to sheltered workshops. The department shall provide information on related revenues, expenditures, balances, contracts and profits to the Legislative Budget Board, Governor and Comptroller of Public Accounts. These revenues, expenditures and balances shall be reported and included in agency Operating Budgets, Legislative Appropriations Requests, and Annual Financial Reports. The timetable format and content for additional monthly reports related to the Sheltered Workshop Revolving Fund shall be prescribed by the Legislative Budget Board.

There is hereby appropriated for the biennium beginning with the effective date of this Act revenues accruing to the Sheltered Workshop Revolving Fund in an amount estimated to be \$1,800,299 from balances on hand remaining on August 31, 2001. Any unobligated balances as of August 31, 2002, are appropriated for the same use during fiscal year 2003.

HUMAN RESOURCE POLICY

44. **Employee Meals.** Notwithstanding any other provision in this Act, the Department of Mental Health and Mental Retardation may provide free meals to employees who are required to eat meals with clients.
45. **Maximum Security Salaries.** As a specific exception to the General Provisions of this Act governing salary rates of classified positions, funds are included above for the Department of Mental Health and Mental Retardation to pay employees working in designated Maximum Security Units or designated specialized Behavioral Management Units up to a two step increase over those salary rates provided by the General Provisions.
46. **Fire Prevention and Safety.** In instances in which regular employees of facilities located in remote areas are assigned extra duties in fire prevention programs, the following payments are authorized in addition to the salary rates stipulated by the General Provisions on this Act relating to the position classifications and assigned salary ranges:

Fire Chief	\$ 75 per month
Assistant Fire Chief	\$ 65 per month
Fire Brigade Member	\$ 50 per month

47. **Patient or Client Assistance.** Subject to the approval of rules and regulations of the governing board of the Department of Mental Health and Mental Retardation, patients or clients in any state facility who are assisting in the operation of the facility as part of their therapy, may receive compensation out of any funds available to the respective facilities.
48. **Workers' Compensation Payments.**
 - a. Contingent on the enactment of House Bill 2976, or similar legislation relating to the establishment of an allocation program for the funding of workers' compensation, the \$15 million exemption provided by this rider does not take effect.
 - b. Notwithstanding other provisions in this Act, except Subsection (a) of this section, the Department of Mental Health and Mental Retardation shall have the first \$15.0 million per year in workers' compensation payments paid in full from appropriations made for

DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION
(Continued)

Workers' Compensation Payments for the purpose of paying workers' compensation claims and liabilities. The Department of Mental Health and Mental Retardation shall transfer to the appropriation item in the Workers' Compensation Payments the amounts necessary to pay 100 percent of workers' compensation liabilities in excess of \$15.0 million each year.

- c. Pursuant to VTCA, Labor Code § 412.012(c) authorizing the State Office of Risk Management to allocate or apportion the appropriations made by this Act for workers' compensation payments, none of the funds appropriated by this Act to the Texas Department of Mental Health and Mental Retardation may be expended for the payment of workers' compensation benefit payments unless the total amount of benefit claims paid for the benefit of employees of the Department of Mental Health and Mental Retardation during a fiscal year exceeds \$15.0 million, in which case the amount of the excess shall be paid out of appropriations made above to the Department of Mental Health and Mental Retardation and out of no other source.

- 49. **Language Interpreter Services.** In order to compensate employees for assuming the duty of providing interpretation services to consumers whose primary language is not English, facilities of the Texas Department of Mental Health and Mental Retardation, upon written authorization of the Commissioner or his/her designee, may, from funds appropriated above, increase the salary of classified employees by an amount equal to a one step increase, or 3.4 percent, so long as the resulting salary rate does not exceed the rate designated as the maximum rate for the applicable salary group. This increase shall be granted only for the regular provision of interpreter services above and beyond the regular duties of the position, and shall be removed when these services are, for whatever reason, no longer provided by the employee or when they are no longer needed by the facility. Salary increases provided for this purpose are not merit increases and shall not affect an employee's eligibility to receive a merit increase. This authorization also includes employees who provide interpretation services in American Sign Language.
- 50. **State-Owned Housing Authorized.** The Superintendent, Medical Director, Assistant Superintendent for Programs, and Director of Plant Maintenance at each facility are authorized to live in state-owned housing at a rate determined by the department. Other department employees may live in state-owned housing as set forth in Article IX, State Owned Housing - Recover Housing Costs, of this Act. Fees for employee housing are hereby appropriated to be used for maintaining employee housing.
- 51. **Professional Trainees and Interns.** The Texas Department of Mental Health and Mental Retardation is authorized to compensate professional trainees or interns in recognized educational programs at any salary rate not to exceed the following amounts:

Psychiatrist interns	\$3,412 per month
Physician Interns	\$2,925 per month
Psychologist Trainees	\$2,749 per month
Registered Nurse Trainees	\$2,295 per month
Chaplain Interns	\$2,161 per month
Physical, Occupational, or Registered Therapist Trainees	\$2,036 per month
Social Worker Trainees	\$1,921 per month
Medical Technologist Trainees	\$1,921 per month
Licensed Vocational Nurse Trainees	\$1,716 per month

- 52. **Appropriation: Targeted Salary Increase.** Notwithstanding other appropriations made by this Act related to salary increases, in addition to amounts appropriated above to the Department of Mental Health and Mental Retardation, there is hereby appropriated \$5,162,496 in each year of the biennium out of the General Revenue Fund and \$3,441,664 in each year of the biennium

DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION

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out of Federal Funds for the purpose of making salary increases to the MHMR Service Series classifications.

The Department of Mental Health and Mental Retardation is hereby authorized to transfer the appropriation made pursuant to this provision to the appropriate strategy items listed above.

OTHER PROVISIONS

53. **Children's Heart Institute.** It is the intent of the Legislature that the Texas Department of Mental Health and Mental Retardation (TXMHMR) continue to fund the Children's Heart Institute in an amount not to exceed \$150,000 for each year of the biennium for services to children with mental disabilities who also have congenital heart defects. A contract shall be developed between TXMHMR and the Children's Heart Institute to ensure that appropriate medical services will be provided and that relevant documentation on performance will be submitted to TXMHMR.
54. **Residential Providers.** It is the intent of the Legislature that individuals seeking residential services for a person with mental retardation have a choice of available providers. To ensure choice, the agency shall inform individuals seeking residential services of all the service options available, including large and small congregate living arrangements and waiver services.
55. **Placement Options.** An individual with mental retardation or an individual's legally authorized representative seeking residential services shall receive a clear explanation of programs and services for which the individual is determined to be eligible, including state schools, community ICFs-MR, 1915(c) waiver services or other services. The programs and services that are explained shall be documented in the individual's record and acknowledged in writing by the individual or the individual's legally authorized representative. If the chosen programs or services are not available, the individual or the individual's legally authorized representative shall be given assistance in gaining access to alternative services and the selected waiting lists.

The department shall keep a central list of the number of openings available for each type of residential service. The department shall honor the program and services preferences of the person or the person's legally authorized representative to the maximum extent openings are available in a residential program or service for which the individual meets program criteria.

56. **New Generation Medications.** Funds expended on New Generation medications shall be spent in accordance with the practice guidelines developed through the Texas Medication Algorithm Project (TMAP) or a TDMHMR-approved variation or substitute of TMAP guidelines.
57. **Limit on Spending New Generation Medication Funds.**
- a. It is the intent of the Legislature that the Department of Mental Health and Mental Retardation utilize funds appropriated for New Generation Medications for no other purpose than the provision of New Generation Medications. This limitation shall apply to funds appropriated for New Generation Medications in the following strategies: A.1.2, Adult MH Community Services; A.1.3, Children's MH Community Services; A.1.6, NorthSTAR Behavioral Health Waiver; B.1.1, MH State Hospital Services; and D.1.1, MR State School Services. This limitation is in addition to a similar limitation in this Act on the Department of Mental Health and Mental Retardation's use of Tobacco Settlement Receipts appropriated for New Generation Medications.
 - b. Notwithstanding the limitation described above, the department shall allow a local mental health or mental retardation authority to expend an amount not to exceed 15 percent of its New Generation Medication funds on support programs that are related to the administration of New Generation Medications, provided, however, that an authority using its New

DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION
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Generation Medication funds for support services must meet its contracted performance target for persons served with New Generation Medications and that the availability of New Generation Medication funds to expend on services must result from cost efficiencies achieved by the authority.

58. **Petty Cash Fund.** Each facility under the Department of Mental Health and Mental Retardation may establish a petty cash fund not to exceed \$5,000 out of funds appropriated above. These funds shall be maintained in cash or at a local bank and shall be used by case managers or community services staff only for the purpose of making emergency purchases of medication, basic life support necessities, or other services without which would place clients served by said staff at risk of being placed in a more restrictive environment.
59. **Gulf Coast Regional Community Psychiatric Hospital.** Out of funds appropriated above in Strategy A.1.5, MH Community Hospitals, the Department of Mental Health and Mental Retardation shall allocate \$824,900 each year of the biennium to the community hospital in Galveston for the purpose of bringing the allocation for that facility to the statewide average community hospital allocation.
60. **Informational Rider–Tobacco Settlement Receipts.** This rider is informational only and does not make any appropriations. In addition to the amounts appropriated above, the Department of Mental Health and Mental Retardation also receives appropriations in Article XII. Amounts appropriated in Article XII are for the following programs in the following amounts for each year of the biennium: MHMR New Generation Medications in Strategy A.1.2, Adult MH Community Services, \$15,250,000; Community Centers rehabilitation services rate change and prescription drug costs in Strategy A.1.2, Adult MH Community Services, \$14,400,000; Community Mental Health Children’s Services in Strategy A.1.3, Children’s MH Community Services \$7,500,000; and MHMR Home and Community–Based Services Waiver in Strategy C.1.4, MR Home & Community–Based Services \$17,300,000.
61. **Home and Community-Based Services Mid-Range Waiver.** The Department of Mental Health and Mental Retardation, in conjunction with the Health and Human Services Commission, is authorized to seek approval from the Health Care Financing Administration for a Home and Community-based Services ‘mid-range’ waiver to provide services and supports to persons with mental retardation who do not require out-of-home residential support. Services and supports in this waiver would be capped at \$25,000 per year. The Legislative Budget Board and the Governor must approve implementation of this waiver prior to expenditure of any funds on waiver placements.
62. **Provision of Information about All Care Alternatives.** The Department of Mental Health and Mental Retardation shall comply with the requirements of § 533.038 of the Health and Safety Code by specifically providing to a person with mental retardation who is seeking residential services, or that person’s legally authorized representative, information regarding the full continuum of care alternatives that are available, as well as information regarding spaces available in all the care alternatives.
63. **Financing Mental Health Services for Youth.** The Department of Mental Health and Mental Retardation shall work with the Texas Youth Commission and the Texas Juvenile Probation Commission to study current mechanisms of financing mental health services for youth in the juvenile justice system, including the use of Medicaid, CHIP, and General Revenue. The department shall submit a report to the Legislative Budget Board and the Governor by December 1, 2002, specifying strategies to maximize the availability of public funds to improve mental health services for youth in the juvenile justice system.

DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION
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64. **Indigent Mental Health Services.** The department shall conduct a study to identify trends in the funding and utilization of mental health services for indigent citizens and to assess the actual and projected impact these trends may have on the availability of these services. The report shall include strategies for directing indigent mental health resources to individuals with the most significant needs. Additionally, the department will develop performance measures related to indigent mental health services to be included in its 2003–07 Strategic Plan. One copy each of the report shall be submitted to the Legislative Budget Board, the Governor, and each member of the Senate Finance and House Appropriations Committee by December 31, 2001.
65. **Cost Comparison Report.** The department shall develop a report for the Legislature analyzing state- and federally funded residential and nonresidential services for people with mental retardation and related conditions for which it is the Medicaid operating agency.
- a. The report shall include:
- (1) an analysis of the difference between the annual average cost to the state per person for individuals residing in state-operated and non-state operated Intermediate Care Facilities for individuals with Mental Retardation and Related Conditions (ICF-MR/RC).
 - (2) an analysis of the difference between the average annual cost to the state per person participating in the HCS, the HCS-O, and the MRLA waivers.
- b. With respect to the cost to the state per person residing in an ICF-MR/RC facility, the department shall include all costs, such as SWICAP, DICAP, maintenance and construction costs, employee benefit costs and other federally allowable administrative, medical and overhead costs. With respect to the cost to the state per person in state-operated ICF-MR/RC facilities, non-state operated ICF-MR/RC facilities and the HCS, HCS-O, and MRLA waivers, the department shall include all Medicaid costs that are not included in the reimbursement rate for those programs.
66. **Plan for Care of Dually Diagnosed Persons.** The Department of Mental Health and Mental Retardation (TDMHMR) shall develop a plan to enhance the well-being and care of citizens who are dually diagnosed with mental retardation and mental illness. This plan should include all relevant TDMHMR agency divisions and should consider the following as options to improve care: adding Home and Community-based Services placements; developing a new system of care for these clients; working with the federal government; and contracting of services. In addition, TDMHMR should make preparations for implementation of this plan as well as provide a mid-year progress report on plan development. This plan for care should be completed and all reports provided to the Legislative Budget Board and the Governor by May 1, 2002.
67. **Performance Measure Adjustment.** It is the intent of the Legislature that the department work with the Legislative Budget Board and the Governor, in accordance with § 7.01, Article IX, of this document, to make appropriate adjustments to performance measure targets if, during the course of the 2002–03 biennium, it receives a decrease in federal earnings related to a reduction in the rates for Medicaid reimbursement for rehabilitation services.
68. **Performance Measure Targets.** The department, with assistance from local authorities, the Legislative Budget Board, and the Governor, shall develop uniform methodologies to be used in setting its biennial performance measure targets. The methodologies will take into consideration inflation and operating costs as well as the actual costs associated with delivering individual units of mental health and mental retardation services. The department will use the methodologies in developing measure targets in its 2004–05 Legislative Appropriations Request.

DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION
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69. **Cancellation of Leases.** It is the intent of the Legislature that the Texas Department of Mental Health and Mental Retardation work to ensure, in a manner that is fair to all parties, that the state is removed from leases which were originally used by the department but where the space is now utilized by community MHMR centers that have absorbed functions previously performed by the department. Except as hereinafter provided, the department may not expend funds appropriated under this Act after September 1, 2001, for leased office or building space which was previously occupied by the department but which is no longer occupied by the department as a result of transferring state-operated community services to local governance. In the event that a community MHMR center that now occupies such lease space declines to enter into a new lease (with the same lessor) that has key provisions (including the expiration date of the lease and amount of rental payment) identical to the state lease, the department may utilize funds that would have been otherwise allocated to the community MHMR center to achieve an equitable result with the lessor.
70. **Alternative Service Delivery Options for Court-committed Clients.** From funds appropriated, the Commissioner of Health and Human Services shall examine whether the Mexia State School and/or any other Intermediate Care Facility (ICF/MR) are appropriate settings for a consumer with mental retardation who has been referred through the criminal justice system.
- a. In the event the commission finds the Mexia State School or other ICF/MR facility are appropriate settings, the commission shall seek an appropriate waiver from the federal government for Medicaid-eligible clients who reside at the Mexia State School or other ICF/MR facilities who have been referred from the criminal justice system.
 - b. In the event the commission finds the Mexia State School or other ICF/MR facilities are not appropriate settings for these clients, the commission shall develop a suitable alternative.
 - c. The commission shall make its conclusions known to the Governor and the Legislative Budget Board by February 1, 2002.
71. **Purchasing of Medication.** The Department of Mental Health and Mental Retardation shall require local mental health and mental retardation authorities to document their effort to make needed medications available to consumers at the lowest possible prices and to utilize the most cost effective medication purchasing arrangement available. It is the intent of the Legislature that the Department of Mental Health and Mental Retardation shall provide technical assistance to community centers as necessary to maximize efficiency.

CONTINGENCY APPROPRIATIONS

72. **Friendship Opportunities for Individuals with Mental Retardation.** Contingent upon the receipt of additional Social Services Block Grant federal funds by the state, the department may allocate \$100,000 in fiscal year 2002 and \$100,000 in fiscal year 2003 for the purpose of contracting with nonprofit organizations that offer statewide programs that serve individuals with mental retardation; facilitate community integrated employment; coordinate one-on-one friendships between students with mental retardation and other students in middle school, high school, and college; coordinate one-on-one friendships between community volunteers and individuals with mental retardation; and coordinate one-on-one friendships for individuals with mental retardation over the Internet.
73. **Contingency Appropriation for House Bill 811, Special Olympics License Plate.** Contingent upon enactment of House Bill 811, or similar legislation of the Seventy-seventh Legislature relating to the issuance of Special Olympics Texas license plates, the Department of Mental Health and Mental Retardation (TDMHMR) is hereby appropriated all revenues generated by the issuance of Special Olympics Texas license plates. These revenues shall be

DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION
(Continued)

deposited in a new General Revenue account, that being the Texas Department of Mental Health and Mental Retardation Special Olympics Texas account. TDMHMR shall transfer annually the funds in this account to Special Olympics Texas, Inc. These funds shall only be used to pay for the cost associated with training and with regional competition of the Special Olympics Texas.

DEPARTMENT OF PROTECTIVE AND REGULATORY SERVICES

	For the Years Ending	
	August 31, 2002	August 31, 2003
A. Goal: PROTECTIVE SERVICES		
In collaboration with other public and private entities, protect children, elder adults, and persons with disabilities, from abuse, neglect and/or exploitation by providing an integrated service delivery system that results in quality outcomes, and reduce the incidence of abuse, neglect, and exploitation by maximizing resources for early intervention, prevention, and aftercare.		
Outcome (Results/Impact):		
Incidence of Child Abuse/Neglect Confirmed by CPS Per 1,000 Children under the Age of 18	7.7	7.7
Percent of Children in PRS Conservatorship for Whom Legal Resolution Was Achieved within 12 Months	62%	62%
Percent of Adoptions Consummated within 18 Months of Termination of Parental Rights	77%	77%
Percent of STAR Youth with Positive Outcomes 90 Days after Termination	79%	79%
Percent Change in Number of Youth Residing in CYD Zip Code Who Were Committed to the Texas Youth Commission	(17)%	(17)%
Percent of CYD Youth with Improved TAAS Scores	59%	59%
Average Number of Absences Per School Year for CYD Youth	5	5
Average Number of Disciplinary Referrals Per School Year for CYD Youth	1	1
Percent of Case-managed Communities-in-Schools Participants Remaining in School	95%	95%
Child Protective Services Caseworker Turnover Rate	25.2%	25.2%
Incidence of Abuse/Neglect/Exploitation Per 1,000 Elderly Persons and Persons with Disabilities	7.6	7.6
Percent of Validated Occurrences Where Children Are Placed at Serious Risk	22%	22%
Percent of CAPS Help Desk Calls Answered within the Related Service Level Agreement	91%	91%
A.1.1. Strategy: CPS STATEWIDE INTAKE	\$ 6,477,536	\$ 6,477,536
Provide a comprehensive and consistent system with automation support for receiving reports of children suspected to be at risk of abuse/neglect and assign for investigation those reports that meet the Texas Family Code definition of child abuse/neglect.		
Output (Volume):		
Number of CPS Reports of Child Abuse/Neglect	140,861	140,861
Efficiencies:		
CPS Caseload Per Worker: Intake	85.6	87.9
A.1.2. Strategy: CHILD AND FAMILY SERVICES	\$ 188,881,832	\$ 190,545,110
Provide a comprehensive and consistent system for the direct delivery of investigations, regular family preservation and family		

DEPARTMENT OF PROTECTIVE AND REGULATORY SERVICES
(Continued)

reunification services, out-of-home care, and permanency planning for children who are at risk of abuse/neglect and their families.

Output (Volume):

Number of Completed CPS Investigations	119,419	121,348
Number of Confirmed CPS Cases of Child Abuse/Neglect	28,469	28,529
Average Number of Open CPS Investigations Per Month	29,106	29,761
Number of Children in PRS Conservatorship Who Are Adopted	2,221	2,351

Efficiencies:

Average Monthly Cost Per Open CPS Investigation	136.62	134.93
CPS Caseload Per Worker: Investigation	43.9	43.9
CPS Caseload Per Worker: Family Based Services	20.3	20.3
CPS Caseload Per Worker: Substitute Care	30.5	30.7
CPS Caseload Per Worker: Foster/Adoptive Development	27.8	28
CPS Caseload Per Worker: Generic	29.8	30

A.1.3. Strategy: CPS PURCHASED SERVICES \$ 53,091,983 \$ 53,091,983

Provide purchased services to treat children who have been abused or neglected, to enhance the safety and well-being of children at risk of abuse and neglect, and to enable families to provide safe and nurturing home environments for their children.

Output (Volume):

Average Number of Children Living at Home Receiving Purchased Services Per Month	4,244	4,244
Number of Days of Child Day Care Paid Per Month	78,567	78,567

Efficiencies:

Average Cost Per Child for Purchased Services	531.07	531.07
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A.1.4. Strategy: INTENSIFIED FAMILY

PRESERVATION \$ 14,705,544 \$ 14,705,544

Provide intensified family preservation services to prevent unnecessary removal from their homes of children at risk of abuse and neglect, and intensified family reunification services to enable the early and safe return of children to their homes.

Output (Volume):

Average Number of Families Receiving Intensified Family Preservation Services Per Month	1,623	1,690
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Efficiencies:

Average Cost Per Family Receiving Intensified Family Preservation/Reunification Services	508.21	495.09
CPS Caseload Per Worker: Intensive Family Based Services	22.5	23

A.1.5. Strategy: FOSTER CARE/ADOPTION PAYMENTS \$ 334,625,816 \$ 362,513,613

Provide funding for foster care services and adoption subsidies for children who need them.

Output (Volume):

Average Number of Days Per Month of Foster Care for All Levels of Care	396,273	411,434
Average Number of Children (FTE) Served in Paid Foster Care Per Month	13,028	13,527
Average Number of Children Provided Adoption Subsidy Per Month	13,402	14,735

Efficiencies:

Average Expenditures for Foster Care Per Month for All Levels of Care	20,862,078	22,323,154
Average Monthly Payment Per Child (FTE) in Paid Foster Care	1,601.7	1,650.19
Average Monthly Payment Per Adoption Subsidy	478.79	494.11

DEPARTMENT OF PROTECTIVE AND REGULATORY SERVICES
(Continued)

A.1.6. Strategy: AT-RISK PREVENTION SERVICES	\$	63,011,810	\$	63,011,809
Provide funding and support for community-based prevention programs to alleviate the conditions that lead to child abuse/neglect and juvenile crime.				
Output (Volume):				
Average Number of STAR Youth Served Per Month		6,232		6,232
Average Number of CYD Youth Served Per Month		7,360		7,360
Number of Case-managed Students Participating in Communities-in-Schools Program		57,748		57,748
A.2.1. Strategy: ADULT PROTECTIVE SERVICES	\$	28,013,792	\$	28,013,793
Provide a comprehensive and consistent system for the investigation of reports of abuse, neglect, and exploitation of vulnerable adults and provide services to alleviate and prevent the recurrence of cases of maltreatment.				
Output (Volume):				
Number of Completed APS Investigations		52,585		54,242
Number of Confirmed APS Cases		34,706		34,706
Number of APS Clients Receiving Guardianship Services		682		709
Efficiencies:				
Average Monthly Cost Per APS Investigation		188.76		184.79
A.2.2. Strategy: MHMR INVESTIGATIONS	\$	5,789,986	\$	5,986,759
Provide a comprehensive and consistent system for the investigation of reports of abuse, neglect, and exploitation of persons receiving services through MHMR facilities and community MHMR centers.				
Output (Volume):				
Number of Completed MHMR Investigations		9,702		10,385
Efficiencies:				
Average Monthly Cost Per MHMR Investigation		434.4		422.05
A.3.1. Strategy: CHILD CARE REGULATION	\$	21,862,357	\$	22,192,759
Provide a comprehensive system of consultation, licensure, and regulation which ensures the maintenance of minimum standards by day care facilities, residential child care facilities, registered family homes, child-placing agencies, and residential child care facility administrators.				
Output (Volume):				
Number of Inspections		42,682		43,619
Efficiencies:				
Average Cost Per Inspection		215.4		212.25
A.4.1. Strategy: MAINTAIN AUTOMATED SYSTEM	\$	17,454,180	\$	15,866,361
Maintain the Child and Adult Protective System (CAPS) to support investigations and the delivery of protective services.				
Output (Volume):				
Number of Automated Workstations Connected to the CAPS Network		7,558		7,626
Total, Goal A: PROTECTIVE SERVICES	\$	733,914,836	\$	762,405,267

DEPARTMENT OF PROTECTIVE AND REGULATORY SERVICES
(Continued)

B. Goal: INDIRECT ADMINISTRATION		
B.1.1. Strategy: CENTRAL ADMINISTRATION	\$ 9,599,316	\$ 9,599,315
B.1.2. Strategy: INFORMATION RESOURCES	\$ 9,100,208	\$ 7,909,613
B.1.3. Strategy: OTHER SUPPORT SERVICES	\$ 1,061,354	\$ 1,061,354
B.1.4. Strategy: REGIONAL ADMINISTRATION	<u>\$ 5,848,659</u>	<u>\$ 5,848,659</u>
 Total, Goal B: INDIRECT ADMINISTRATION	 <u>\$ 25,609,537</u>	 <u>\$ 24,418,941</u>
 Grand Total, DEPARTMENT OF PROTECTIVE AND REGULATORY SERVICES	 <u><u>\$ 759,524,373</u></u>	 <u><u>\$ 786,824,208</u></u>
Method of Financing:		
<u>General Revenue Fund</u>		
General Revenue Fund	\$ 87,136,763	\$ 89,761,679
GR Match for Medicaid	37,416,902	37,254,140
GR MOE for Temporary Assistance for Needy Families	27,533,524	27,533,524
Earned Federal Funds	2,000,000	2,000,000
GR Match for Title IV-E Foster Care/Adoption Payments	87,367,423	96,661,110
 Subtotal, General Revenue Fund	 <u>\$ 241,454,612</u>	 <u>\$ 253,210,453</u>
 GR Dedicated - Compensation to Victims of Crime Account No. 469	 15,982,709	 15,982,709
 Federal Funds	 485,341,497	 500,886,884
<u>Other Funds</u>		
Appropriated Receipts	2,907,961	2,906,568
Interagency Contracts	13,837,594	13,837,594
 Subtotal, Other Funds	 <u>\$ 16,745,555</u>	 <u>\$ 16,744,162</u>
 Total, Method of Financing	 <u><u>\$ 759,524,373</u></u>	 <u><u>\$ 786,824,208</u></u>
 Number of Full-Time-Equivalent Positions (FTE):	 6,841.0	 6,909.0
Schedule of Exempt Positions:		
Executive Director, Group 5	\$125,000	\$125,000
 Supplemental Appropriations Made in Riders:	 \$ 8,475,000	 \$ 8,350,000

1. **Capital Budget.** None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for “Lease Payments to the Master Lease Purchase Program” or for items with an “(MLPP)” notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103.

	<u>2002</u>	<u>2003</u>
a. Repair or Rehabilitation of Buildings and Facilities	\$ 50,000	\$ 50,000
b. Acquisition of Information Resource Technologies		
(1) Lease Payments to the Master Lease Purchase Program (1998-99)	143,445	99,024

DEPARTMENT OF PROTECTIVE AND REGULATORY SERVICES

(Continued)

(2) Upgrade Data/Telecommunications Equipment	761,750	0
(3) Refresh Computer Hardware	248,555	741,597
(4) Refresh Computer Software	562,152	0
(5) Desktop Services Lease for Computer Hardware and Software	4,893,577	4,928,710
(6) Enhance CAPS Automation	2,206,754	2,059,790
(7) Improve Network Efficiency	900,000	141,362
(8) Use Web Technology	3,261,100	2,401,028
(9) Enhance Prevention and Early Intervention (PEI) Automated System	230,111	17,062
(10) Maintain and Enhance the Child Care Licensing System	2,969,181	3,220,863
Total, Acquisition of Information Resource Technologies	<u>\$ 16,176,625</u>	<u>\$ 13,609,436</u>
Total, Capital Budget	<u><u>\$ 16,226,625</u></u>	<u><u>\$ 13,659,436</u></u>

Method of Financing (Capital Budget):

<u>General Revenue Fund</u>		
General Revenue Fund	\$ 6,592,193	\$ 4,702,828
GR Match for Medicaid	1,658,340	1,398,602
Subtotal, General Revenue Fund	<u>\$ 8,250,533</u>	<u>\$ 6,101,430</u>
Federal Funds	7,976,092	7,558,006
Total, Method of Financing	<u><u>\$ 16,226,625</u></u>	<u><u>\$ 13,659,436</u></u>

2. **Substitute Care Permanency Goal.** In order to comply with P.L. 105-89, it is the intent of the Legislature that the Department of Protective and Regulatory Services actively seek permanent homes for the children who are in the department's substitute care program for long periods. To this end, the department shall seek to limit the number of children under the department's responsibility who are in substitute care for a period longer than 24 months. The department shall strive to assure that no more than 45 percent of the children in paid placements are in substitute care for more than 24 months for fiscal years 2002 and 2003.

Further, it is the intent of the Legislature that whenever possible, the department shall utilize state and/or federal funds currently being expended for substitute care to cover the cost of assuring permanent homes where appropriate for foster children.

3. **Limitation on Expenditures for Conservatorship Suits.** To the extent allowed by federal regulation, federal funds may be used by the department in conjunction with funds provided by counties with which the department has child welfare contracts, to pay for legal representation for children or their parents in suits in which the department is seeking to be named conservator. No general revenue funds appropriated to the department may be used to make such payments.
4. **Appropriation of Funds.** All funds received by the department from counties, cities, and other local sources and all balances from such sources as of August 31, 2001, are hereby appropriated for the biennium ending August 31, 2003, for the purpose of carrying out the provisions of this Act. (Estimated to be \$125,000)
5. **Accounting of Support Costs.** The State Comptroller shall establish separate accounts from which certain support costs shall be paid. The Department of Protective and Regulatory Services is hereby authorized to make transfers into separate accounts from line item strategies in order to pay for these expenses in an efficient and effective manner. Only costs not directly attributable to

DEPARTMENT OF PROTECTIVE AND REGULATORY SERVICES

(Continued)

a single program may be budgeted in or paid from these accounts. Items to be budgeted in and paid from these accounts include but are not limited to: postage, occupancy costs, equipment repair, telephones, office printing costs, supplies, freight and transport costs, telephone system costs, and salary and travel costs of staff whose function supports several programs. The department shall be responsible for monthly allocations of these costs to the original strategies.

6. **Tertiary Prevention of Child Abuse Programs.** From the amounts appropriated above, the Department of Protective and Regulatory Services shall allocate \$120,000 each fiscal year of the biennium for continuation of a statewide network of community-based, volunteer-driven programs for prevention, intervention, and aftercare services of abused children.
7. **Foster Care Rates.** It is the intent of the Legislature that the Department of Protective and Regulatory Services not reduce foster care rates during the 2002–03 biennium. The department may transfer funds into Strategy A.1.5, Foster Care/Adoption Payments, for the purpose of maintaining foster care rates. The department may not transfer funds out of Strategy A.1.5, Foster Care/Adoption Payments.

The department may also use funds in Strategy A.1.5, Foster Care/Adoption Payments, to recommend alternate service provision intake and investigation that will consider expansion of contract services, regional planning, service outcomes, and appropriate funding mechanisms to be tested in pilot projects. Such pilot approaches to innovative service delivery shall be designed in conjunction with providers, approved by the Health and Human Services Commission, and funded at no increased cost to the State. The department may include a modification of rates for existing and new pilot approaches implemented in this manner.

8. **Fund Transfers for Funds Consolidation.** For the purpose of funds consolidation, federal and other funds may be transferred into the General Revenue Fund from Department of Protective and Regulatory Services Fund 37. The initial deposit of federal funds shall be made into Fund 37 and no direct expenditures shall be made from this fund.
9. **Reimbursement of Advisory Committees.** Pursuant to VTCA, Government Code § 2110.004, reimbursement of expenses for advisory committee members, out of funds appropriated above, is limited to the following advisory committees: Texas Multidisciplinary Task Force on Children's Justice, Child Abuse Prevention and Evaluation Committee, State Advisory Committee on Child Care Administrators and Facilities, and Advisory Committee to Promote Adoption of Minority Children.
10. **Earned Federal Funds.**
 - a. The Department of Protective and Regulatory Services shall submit a monthly report to the Legislative Budget Board and the Governor which details revenues, expenditures, and balances for earned federal funds as of the last day of the prior month. The report shall be prepared in a format approved by the Legislative Budget Board.
 - b. The authority to receive and expend earned federal funds in excess of those appropriated above is subject to the following limitations:
 - (1) At least 14 days prior to any expenditure of earned federal funds in excess of those appropriated, the department shall report the earned federal funds received and provide documentation of the proposed use of these funds to the Legislative Budget Board, Governor's Office of Budget and Planning, and Health and Human Services Commission. At least 14 days prior to any meeting of the Board of Protective and Regulatory Services to consider a budget adjustment of any use of earned federal funds above levels indicated in the appropriation above or to consider any program expansion, the department shall report the earned federal funds received and provide documentation

DEPARTMENT OF PROTECTIVE AND REGULATORY SERVICES

(Continued)

of the proposed use of these funds to the Legislative Budget Board, Governor's Office of Budget and Planning, and Health and Human Services Commission.

- (2) Notifications shall include information regarding the need which will be served with the additional revenue. In the event program expansions are under consideration, information shall be forwarded regarding the population to be served; criteria for eligibility; and impact upon existing programs.
 - (3) The report shall include the information detailed in "b" and identify the impact on established performance targets, measures, and full-time equivalent positions.
- c. The method of financing item, Earned Federal Funds, for appropriations made above includes unexpended and unobligated balances of earned federal funds remaining as of August 31, 2001, and receipts earned in fiscal years 2002 and 2003 (estimated to be \$0).
11. **Contract Quality Assurance.** The department is hereby authorized to expend an amount not to exceed \$500,000 in each year of the biennium from funds appropriated above in A.1.3, CPS Purchased Services, and A.1.5, Foster Care/Adoption Payments, for the purpose of verifying, monitoring, and enforcing compliance with federal, state, and agency contract performance requirements.
12. **Intensive Services to Parents.** The agency shall contract with existing organizations and established pilot projects to provide comprehensive and intensive early intervention and in-home parenting education. The outcomes should include but are not limited to preventing developmental delay, child abuse and neglect, school failure and other negative consequences for children.
13. **At-Risk Prevention Services.**
 - a. Out of funds appropriated above in Strategy A.1.6, At-Risk Prevention Services, in each year of the biennium the department shall allocate not less than \$22,121,422 for the STAR Program; and not less than \$8,206,767 for Community Youth Development Grants.
 - b. Included in Strategy A.1.6, At-Risk Prevention Services, are funds for the department to contract for projects utilizing community-based non-profit organizations which meet the following criteria:
 - (1) The recipient organization must:
 - i. serve at-risk youth,
 - ii. match any state dollars received,
 - iii. offer after school and weekend daily access to programs,
 - iv. maintain trained staff, and
 - v. maintain a dedicated facility.
 - c. The department may contract with individual community-based non-profit organizations and entities representing networks of community-based non-profit organizations to provide these services in communities across the state. The department shall report to the Legislative Budget Board and the Governor on the outcome of the projects.
 - d. Included in Strategy A.1.6, At-Risk Prevention Services, are funds for the department to contract for at-risk mentoring services with established mentoring organizations which have a demonstrated record of achievement, including organizations that provide adult and peer group services to underserved youth populations that have multiple risk factors and high risk

DEPARTMENT OF PROTECTIVE AND REGULATORY SERVICES

(Continued)

for suicide. An eligible recipient organization must have minimum requirements in place to assure that mentors are qualified for the responsibilities of working with at-risk children.

- e. Contingent upon the availability of federal Social Services Block Grant funding exceeding the amounts appropriated in this Act by at least \$5,000,000, there is hereby appropriated for Strategy A.1.6, At-Risk Prevention Services, \$2,500,000 in federal funds for each fiscal year of the biennium.

14. **Medicaid and Other Reporting Requirements.**

- a. None of the funds appropriated by this Act to the Department of Protective and Regulatory Services may be expended or distributed by the department unless:
 - (1) the department submits to the Legislative Budget Board and the Governor a copy of each report submitted to the federal government relating to the Medicaid program, the Foster Care and Adoption Assistance program, Temporary Assistance for Needy Families, and the Child Welfare Services program. This shall include, but is not limited to:
 - i. expenditure data;
 - ii. caseload data;
 - iii. cost allocation revisions;
 - iv. State plan amendments; and
 - v. State plan waivers, including, but not limited to applications for new waivers and changes to existing waiver services, costs or authorized number of clients.

Such reports shall be submitted to the Legislative Budget Board and the Governor no later than the date the respective report is submitted to the federal government, and

- (2) the department submits to the Legislative Budget Board and the Governor at the end of each month:
 - i. a report detailing the foster care and adoption assistance caseload figures and related expenditure amounts, by level of care, for the preceding month; and
 - ii. a report projecting the anticipated foster care and adoption assistance caseloads for the 36 month period beginning with the first month after the report is due.
- b. Each report submitted to the Legislative Budget Board and the Governor pursuant to this provision must be accompanied by supporting documentation detailing the sources and methodologies utilized to develop any caseload or cost projections contained in each respective report and any other supporting materials as specified by the Legislative Budget Board and the Governor.
- c. Each report submitted pursuant to this provision must contain a certification by the person submitting the report, that the information provided is true and correct based upon information and belief together with supporting documentation.
- d. The Comptroller of Public Accounts shall not allow the expenditure of funds appropriated by this Act to the Department of Protective and Regulatory Services if the Legislative Budget Board and the Governor certifies to the Comptroller of Public Accounts that the Department of Protective and Regulatory Services is not in compliance with this provision.

15. **Caseworker and Other Reporting Requirements.** None of the funds appropriated by this Act to the Department of Protective and Regulatory Services may be expended or distributed by the department unless the department submits to the Legislative Budget Board and the Governor

DEPARTMENT OF PROTECTIVE AND REGULATORY SERVICES

(Continued)

at the end of each quarter a report detailing the number of caseworkers and casework supervisors assigned to the Child Protective Services program, the Adult Protective Services program, and the Child Care Regulation program. The format and content of the report shall be prescribed by the Legislative Budget Board.

16. **Appropriation Transfer Between Fiscal Years.** In addition to the transfer authority provided elsewhere in this Act, the Department of Protective and Regulatory Services may transfer appropriations made above for Strategy A.1.5 (Foster Care/Adoption Payments) for fiscal year 2003 to fiscal year 2002, subject to the following conditions provided by this section:
 - a. Transfers under this section may be made only if costs associated with providing foster care and adoption assistance payments exceed the funds appropriated for these payments for fiscal year 2002;
 - b. Transfers may not exceed \$10,000,000 in general revenue;
 - c. A transfer authorized by this section must receive the prior approval of the Legislative Budget Board and the Governor; and
 - d. The Comptroller of Public Accounts shall cooperate as necessary to assist the completion of a transfer and spending made under this section.
17. **Hope Center.** The Department of Protective and Regulatory Services shall establish additional reporting requirements and performance measures for Hope Center to facilitate comparison with like entities. It is the intent of the legislature that the Hope Center compete with like entities in providing the services to children previously funded in Strategy A.1.7, Hope Center, beginning September 1, 2001.
18. **Limitation on Expenditures for Administrative Overhead.** Out of the funds appropriated above in Strategy A.1.3, CPS Purchased Services, \$12,818,264 in fiscal year 2002 and \$12,818,264 in fiscal year 2003 may be used only to purchase child day care services through the Texas Workforce Commission.

The Department of Protective and Regulatory Services' expenditures for administrative overhead payments to the Texas Workforce Commission and local workforce boards in connection with any agreement to provide child day care services out of funds appropriated above shall be limited to no more than 5 percent of all amounts paid for child day care services out of funds appropriated above.
19. **Communities in Schools Program.** Out of the funds appropriated above in Strategy A.1.6, At-Risk Prevention Services, \$17,628,865 in fiscal year 2002 and \$17,628,865 in fiscal year 2003 may be used only for the Communities in Schools program.
20. **Child Protective Services Caseload Measures.** The Department of Protective and Regulatory Services shall exclude trainees from the methodology used to calculate performance for CPS caseload per worker measures. CPS caseload per worker measures shall be reported every six months (semi-annually).
21. **Appropriation for Targeted Salary Increase.** Notwithstanding other appropriations made by this Act related to salary increases, in addition to amounts appropriated above to the Department of Protective and Regulatory Services, there is hereby appropriated \$4,100,000 in each year of the biennium out of the General Revenue Fund and \$1,750,000 in each year of the biennium out of Federal Funds for the purpose of making salary increases for the Protective Services Specialist series.

DEPARTMENT OF PROTECTIVE AND REGULATORY SERVICES
(Continued)

The Department of Protective and Regulatory Services is hereby authorized to transfer the appropriation made pursuant to this provision to the appropriate strategy items listed above.

22. **Human Resources Management Plan.** From funds appropriated above, the Texas Department of Protective and Regulatory Services shall develop a Human Resources Management Plan designed to improve employee morale and retention. The plan must focus on reducing employee turnover through better management. The Texas Department of Protective and Regulatory Services shall report, by October 1 of each year of the biennium, to the Senate Finance Committee, the House Committee on Appropriations, the Legislative Budget Board, and the Governor the employee turnover rate, by job category, at the agency during the preceding fiscal year. The effectiveness of the agency’s plan shall be measured by whether or not there is a reduction in annual employee turnover rates at the agency, specifically by the reduction in the turnover rates for caseworkers.
23. **Use of Personal Cellular Telephones.** Out of funds appropriated above for Strategy B.1.2, Information Resources, the Department of Protective and Regulatory Services shall pay child protective services program caseworkers, supervisors, and directors an amount not to exceed \$50 per month for work-related use of their personal cellular telephones.

REHABILITATION COMMISSION

		For the Years Ending	
		August 31, 2002	August 31, 2003
A. Goal: SERVICE DELIVERY SYSTEM			
To provide an integrated system of service delivery options which promotes informed client choice in the delivery of services leading to employment of choice, living as independently as possible, and accessing high quality services.			
Outcome (Results/Impact):			
Percent of Employed Rehabilitants Earning at Least Minimum Wage			
		97.3%	97.3%
A.1.1. Strategy: REHABILITATION SERVICES		\$ 163,408,818	\$ 163,742,649
Rehabilitate and place people with disabilities in competitive employment or other appropriate settings, consistent with informed consumer choice and abilities.			
Output (Volume):			
Number of Eligible Clients Provided Vocational Rehabilitation Services		118,343	118,583
Number of Eligible Clients Rehabilitated and Employed		25,206	25,257
Number of Individuals Whose TRC-supported Training and Education Extended past Two Years		1,500	1,500
Efficiencies:			
Cost Per Client Rehabilitated and Employed		6,622	6,622
Average Length of TRC-supported Training and Education Courses Before Employment (Months)		12	12
Average Cost Per Individual in a TRC-supported Training and Education Course		924	939
A.2.1. Strategy: EXTENDED REHABILITATION		\$ 3,971,925	\$ 3,971,924
Provide extended rehabilitation services which emphasize community integrated employment and strive to expand employment opportunities for Texans with disabilities who need ongoing support to obtain and maintain employment			

REHABILITATION COMMISSION
(Continued)

offering competitive wages and benefits consistent with consumer choice.			
Output (Volume):			
Number of Extended Rehabilitation Services Clients			
Working in Community Integrated Employment		963	963
Number of Extended Rehabilitation Services Clients			
Working in Alternative Sheltered Employment		385	385
Efficiencies:			
Average Cost Per ERS Client		2,957	2,957
A.3.1. Strategy: INDEPENDENT LIVING CENTERS	\$	1,439,283	\$ 1,439,283
Work with independent living centers and the State Independent Living Council (SILC) to establish the centers as financially and programmatically independent from Texas Rehabilitation Commission and financially and programmatically accountable for achieving independent living outcomes with their clients.			
Output (Volume):			
Number of People Receiving Services from Texas Rehabilitation Commission Supported Independent Living Centers			
		3,822	3,822
A.3.2. Strategy: INDEPENDENT LIVING SERVICES	\$	3,192,709	\$ 3,192,709
Provide consumer-driven and Texas Rehabilitation Commission counselor-supported independent living services to people with severe disabilities statewide.			
Output (Volume):			
Number of People Receiving Texas Rehabilitation Commission Supported Independent Living Services			
		2,237	2,237
A.3.3. Strategy: COMPREHENSIVE REHABILITATION	\$	9,894,713	\$ 9,894,713
Provide consumer-driven and counselor-supported Comprehensive Rehabilitation Services for people with traumatic brain injuries or spinal cord injuries.			
Output (Volume):			
People Receiving Comprehensive Rehabilitation Services		494	494
Efficiencies:			
Cost Per CRS Client		20,028	20,028
A.4.1. Strategy: TRANSITIONAL PLANNING	\$	402,554	\$ 402,554
Provide a Transition Planning Program for students with disabilities.			
Output (Volume):			
Total Number of Individuals Aged 16-22 with Disabilities Served by Texas Rehabilitation Commission Adult Programs			
		4,523	4,523
Total, Goal A: SERVICE DELIVERY SYSTEM	\$	182,310,002	\$ 182,643,832

B. Goal: DISABILITY DETERMINATION			
Enhance service to persons with disabilities by achieving accuracy and timeliness within the Social Security Administration Disability Program guidelines and improving the cost-effectiveness of the decision making process in the disability determination services.			
Outcome (Results/Impact):			
Percent of Case Decisions That Are Accurate			
		95%	95%
B.1.1. Strategy: DDS DETERMINATION	\$	72,928,388	\$ 72,928,388
Enhance cost-effective methods in administering disability determination services.			
Output (Volume):			
Number of Disability Cases Determined		238,430	238,430
Efficiencies:			
Cost Per Disability Case Determination		295	295

REHABILITATION COMMISSION
(Continued)

C. Goal: PROGRAM INITIATIVES

Strengthen our continuum of direct service programs with legislative and strategic initiatives which promote innovation in meeting the needs of Texans with disabilities and emphasize effective interaction with consumers and advocates.

Outcome (Results/Impact):

Percent of Total Developmental Disabilities Plan Activities

Initiated	87%	87%
C.1.1. Strategy: PROMOTE INDEPENDENCE	\$ 3,968,133	\$ 3,967,493
Promote the independence, productivity, and integration of people with developmental disabilities in Texas.		

D. Goal: INDIRECT ADMINISTRATION

D.1.1. Strategy: CENTRAL ADMINISTRATION	\$ 8,358,131	\$ 8,349,809
D.1.2. Strategy: INFORMATION RESOURCES	\$ 7,886,475	\$ 8,070,867
D.1.3. Strategy: OTHER SUPPORT SERVICES	\$ 4,921,525	\$ 4,921,525

Total, Goal D: INDIRECT ADMINISTRATION	\$ 21,166,131	\$ 21,342,201
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Grand Total, REHABILITATION COMMISSION	\$ 280,372,654	\$ 280,881,914
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Method of Financing:

General Revenue Fund		
General Revenue Fund	\$ 8,963,578	\$ 8,892,327
GR for Vocational Rehabilitation	33,855,024	34,150,604

Subtotal, General Revenue Fund	\$ 42,818,602	\$ 43,042,931
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GR- Dedicated - Comprehensive Rehabilitation Account No. 107	10,538,883	10,538,883
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Federal Funds	226,425,338	226,710,269
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Interagency Contracts	589,831	589,831
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Total, Method of Financing	\$ 280,372,654	\$ 280,881,914
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Number of Full-Time-Equivalent Positions (FTE):	2,602.5	2,602.5
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Schedule of Exempt Positions:

Commissioner, Group 4	\$104,000	\$104,000
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1. **Capital Budget.** None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended for the purposes shown and are not available for expenditures for other purposes. Amount appropriated above have been identified in this provision as appropriations either for “Lease payments to Master Lease Purchase Program” or for items with an “(MLPP)” notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103.

	2002	2003
Out of Federal Funds:		
a. Acquisition of Information Resource Technologies		
(1) Network Management/Administrative/Intranet Hardware Expansion	\$ 298,000	\$ 223,000
(2) Workstation Services	2,456,249	2,178,066

REHABILITATION COMMISSION
(Continued)

(3) Software Development and Software Management Tools	405,000	405,000
(4) SSA Redesign and Reconfiguration of State DDS	3,950,000	3,950,000
Total, Acquisition of Information Resource Technologies	<u>\$ 7,109,249</u>	<u>\$ 6,756,066</u>
Total, Capital Budget	<u>\$ 7,109,249</u>	<u>\$ 6,756,066</u>

2. **Reimbursement of Advisory Committee Members.** Pursuant to VTCA, Government Code § 2110.004, reimbursement of expenses for Advisory Committee Members, out of funds appropriated above, is limited to the following advisory committees: State Independent Living Council, Rehabilitation Council of Texas, Comprehensive Rehabilitation Advisory Committee, and Community Rehabilitation Advisory Committee.
3. **Subrogation Receipts.** Included in amounts appropriated above are subrogation collections from the 2002-03 biennium, \$50,000 annually.
4. **Notification of Federal Funds Distribution.**
- a. Redirection of General Revenue Funds. The Rehabilitation Commission shall notify the Legislative Budget Board and the Governor of its intent to redirect General Revenue funds to obtain additional federal funds for the Vocational Rehabilitation program. The notification shall include the original purpose and item of appropriation for which the General Revenue Funds were appropriated, and the effect on measures and/or full-time equivalent positions for all affected strategies. The notification shall be made at least 30 days prior to requesting additional federal funding for the Vocational Rehabilitation program.
- b. Budgeting of Additional Federal Dollars. The Rehabilitation Commission shall notify the Legislative Budget Board and the Governor at least 14 days prior to the budgeting of more than \$134,338,643 in fiscal year 2002 and \$134,369,439 in fiscal year 2003 in federal Vocational Rehabilitation funds (CFDA 84.126) included in the method of finance above. At least 14 days prior to the expenditure of amounts greater than those listed above, the agency shall notify the Legislative Budget Board and the Governor. Amounts noted above include any amounts expended in fiscal year 2002 or 2003 that were carried forward from previous year's allotments.
5. **FTE Designation: Disability Council.** The Texas Rehabilitation Commission is authorized up to 2,602.5 in 2002 and 2,602.5 in 2003 in Full-Time Equivalent (FTE) positions. It is the intent of the Legislature that 17 FTEs each fiscal year are designated for Strategy C.1.1, Promote Independence, for the Developmental Disabilities Council.
6. **General Revenue Fund Dedicated: Comprehensive Rehabilitation Revenue.** The method of financing noted above, General Revenue Fund-Dedicated, Comprehensive Rehabilitation Account No.107, includes unexpended and unobligated balances of Comprehensive Rehabilitation funds remaining as of August 31, 2001, and receipts earned in fiscal year 2002 and fiscal year 2003. In addition, the Texas Rehabilitation Commission is hereby appropriated any revenues generated in General Revenue-Dedicated Account 107, Comprehensive Rehabilitation above \$10,302,000 in fiscal year 2002 and \$10,602,000 in fiscal year 2003 for the purpose of providing Comprehensive Rehabilitation Services, for persons who suffered traumatic brain injury and/or a spinal cord injury. The dollar amounts above are contained in the

REHABILITATION COMMISSION
(Continued)

Comptroller of Public Accounts’ 2002–03 Biennial Revenue Estimate for revenues deposited into Account 107, Comprehensive Rehabilitation. Revenues deposited into General Revenue-Dedicated Account 107 are statutorily dedicated for comprehensive rehabilitation services and may not be used for any other purpose. (Estimated to be \$0)

7. **Denial Rates for Social Security Disability Insurance and Supplemental Security Income.** The Texas Rehabilitation Commission shall submit a written report quarterly to the Legislative Budget Board and Governor that compare the Commission’s rate and the numbers of denials for initial claims for Social Security Disability Insurance and Supplemental Security Income to regional and national rates of denials. The Commission shall also report the rate and numbers of initial denials overturned upon appeal compared to regional and national rates during the quarter.
8. **On-Site Eligibility Reviews for Mental Health and Mental Retardation Referrals.** The Texas Rehabilitation Commission (TRC) and the Texas Department of Mental Health and Mental Retardation shall develop a memorandum of understanding for the purpose of having TRC staff conduct Social Security Disability Insurance and Supplemental Security Income eligibility reviews on-site at Mental Health and Mental Retardation Community Centers for persons referred by the centers to determine eligibility for services.

RETIREMENT AND GROUP INSURANCE

	For the Years Ending	
	August 31, 2002	August 31, 2003
A. Goal: EMPLOYEES RETIREMENT SYSTEM		
A.1.1. Strategy: RETIREMENT CONTRIBUTIONS	\$ 87,589,044	\$ 89,340,824
Provide an actuarially sound level of funding as defined by state law. Estimated.		
A.1.2. Strategy: GROUP INSURANCE	\$ 264,248,748	\$ 299,073,668
Provide a basic health care and life insurance program for general state employees. Estimated.		
Total, Goal A: EMPLOYEES RETIREMENT SYSTEM	\$ 351,837,792	\$ 388,414,492
Grand Total, RETIREMENT AND GROUP INSURANCE	\$ 351,837,792	\$ 388,414,492
Method of Financing:		
General Revenue Fund, estimated	\$ 169,713,154	\$ 185,314,012
General Revenue - Dedicated, estimated	2,228,906	2,435,613
Federal Funds, estimated	175,955,246	196,605,237
Other Special State Funds, estimated	3,940,486	4,059,630
Total, Method of Financing	\$ 351,837,792	\$ 388,414,492

SOCIAL SECURITY AND BENEFIT REPLACEMENT PAY

	For the Years Ending	
	August 31,	August 31,
	2002	2003
A. Goal: SOCIAL SECURITY/BENEFIT REPLACEMENT		
To provide funding to the Comptroller of Public Accounts for Social Security Contributions and Benefit Replacement Pay.		
A.1.1. Strategy: STATE MATCH – EMPLOYER	\$ 109,138,521	\$ 111,321,292
Provide an employer match for Social Security contributions. Estimated.		
A.1.2. Strategy: BENEFIT REPLACEMENT PAY	\$ 27,680,838	\$ 25,678,131
Provide Benefit Replacement Pay to eligible employees. Estimated.		
Total, Goal A: SOCIAL SECURITY/BENEFIT REPLACEMENT	\$ 136,819,359	\$ 136,999,423
Grand Total, SOCIAL SECURITY AND BENEFIT REPLACEMENT PAY	\$ 136,819,359	\$ 136,999,423
Method of Financing:		
General Revenue Fund, estimated	\$ 69,740,978	\$ 68,747,685
General Revenue - Dedicated, estimated	1,153,107	1,155,307
Federal Funds, estimated	64,887,032	66,056,239
Other Special State Funds, estimated	1,038,242	1,040,192
Total, Method of Financing	\$ 136,819,359	\$ 136,999,423

BOND DEBT SERVICE PAYMENTS

	For the Years Ending	
	August 31,	August 31,
	2002	2003
A. Goal: FINANCE CAPITAL PROJECTS		
To provide funding to the Texas Public Finance Authority for the payment of general obligation bond debt service requirements.		
A.1.1. Strategy: BOND DEBT SERVICE	\$ 18,720,259	\$ 20,012,042
		& UB
Make general obligation bond debt service payments in compliance with bond covenants.		
Grand Total, BOND DEBT SERVICE PAYMENTS	\$ 18,720,259	\$ 20,012,042
Method of Financing:		
General Revenue Fund	\$ 15,803,425	\$ 17,096,798
Federal Funds	2,362,984	2,361,154

BOND DEBT SERVICE PAYMENTS
(Continued)

<u>Other Funds</u>		
Current Fund Balance	100,000	100,000
MHMR Collections for Patient Support and Maintenance	232,081	232,290
MHMR Appropriated Receipts	32,767	32,786
MHMR Medicare Receipts	189,002	189,014
Subtotal, Other Funds	\$ 553,850	\$ 554,090
Total, Method of Financing	\$ 18,720,259	\$ 20,012,042

LEASE PAYMENTS

For the Years Ending	
August 31,	August 31,
<u>2002</u>	<u>2003</u>

Out of the General Revenue Fund:

A. Goal: FINANCE CAPITAL PROJECTS
To provide funding to the General Services Commission for payment to the Texas Public Finance Authority for the payment of revenue bond debt service requirements.

A.1.1. Strategy: LEASE PAYMENTS	\$ 7,061,439	\$ 7,067,769
		& UB

Make lease payments to the Texas Public Finance Authority on facilities financed through the Texas Public Finance Authority.

Grand Total, LEASE PAYMENTS	<u>\$ 7,061,439</u>	<u>\$ 7,067,769</u>
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SPECIAL PROVISIONS RELATING TO ALL HEALTH AND HUMAN SERVICES AGENCIES

Sec. 2. Night Shift and Weekend Differential.

- a. Clinical and Support Personnel. The Department of Mental Health and Mental Retardation and the Department of Health are authorized to pay an additional night shift salary differential not to exceed 15 percent of the monthly pay rate to personnel who work the 3 p.m. to 11 p.m. or the 11 p.m. to 7 a.m. shift or its equivalent. A weekend shift salary differential not to exceed 5 percent of the monthly pay rate may be paid to persons who work weekend shifts. The evening or night shift salary differential may be paid in addition to the weekend shift salary differential for persons working weekend, evening, or night shifts.
- b. Data Processing Personnel. The Department of Health, Department of Human Services, Department of Mental Health and Mental Retardation, the Department of Protective and Regulatory Services, and the Health and Human Services Consolidated Print Shop may pay an evening or night shift salary differential not to exceed 15 percent of the monthly pay rate to personnel in data processing or printing operations who work the 3:00 p.m. to 11:00 p.m. shift or 11:00 p.m. to 7:00 a.m. shift, or their equivalents. A weekend shift salary differential not to exceed 5 percent of the monthly pay rate may be paid to persons who work weekend shifts. The evening or night shift salary differential may be paid in addition to the weekend shift salary differential for persons working weekend, evening, or night shifts.

Sec. 3. Services to Employees. Out of the appropriations authorized, the Department of Mental Health and Mental Retardation and Department of Health may expend funds for the provision of first aid or other minor medical attention for employees injured in the course and scope of their employment and for the repair and/or replacement of employees' items of personal property which are damaged or destroyed in the course and scope of their employment so long as such items are medically prescribed equipment. Expenditures for such equipment may not exceed \$500 per employee per incident.

Sec. 4. Charges to Employees and Guests. Collections for services rendered employees and guests shall be made by a deduction from the recipient's salary or by cash payment in advance. Such deductions and other receipts for these services from employees and guests are hereby appropriated to the facility. Refunds of excess collections shall be made from the appropriation to which the collection was deposited.

As compensation for services rendered and notwithstanding any other provision in this Act, any facility under the jurisdiction of the respective governing boards may provide free meals for food service personnel and volunteer workers, and may furnish housing facilities, meals and laundry service in exchange for services rendered by interns, chaplains in training, and student nurses.

Sec. 5. New or Additional Facilities. No funds appropriated may be spent for constructing new or additional facilities or for the purchase of sites therefor, without specific authorization of the Legislature. All facilities shall be kept where they are located by the Legislature, and all new buildings to be constructed shall be on these sites unless otherwise specifically authorized by the Legislature. For the purpose of this subsection, specific authorization may be granted either by basic statute or special authorization in this act.

Sec. 6. Revolving Petty Cash Funds. Each facility under the Board of Health and Board of Mental Health and Mental Retardation may establish a petty cash fund to be maintained in cash or at a local bank. The petty cash fund, not to exceed \$25,000, shall be used only for making emergency payments and small purchases which will increase the efficiency of the operation; for payments to client workers on a regular payday basis; for use as change funds in specific locations where financial activities of the agency require a change fund, and for supplies and equipment purchases for sheltered workshops.

**SPECIAL PROVISIONS RELATING
TO ALL HEALTH AND HUMAN SERVICES AGENCIES**
(Continued)

Sec. 7. Out-patient Clinics and Community-based Services.

- a. Unless otherwise restricted, the Board of Health and Board of Mental Health and Mental Retardation shall charge for treatment and medication to patients treated at an out-patient clinic or community center at rates not to exceed the actual cost. An additional charge may be made for medication dispensed to patients at a rate not to exceed the cost to the State. Fee schedules for services and medications provided shall be reviewed on an annual basis. All fee schedules shall be based on the ability to pay on a sliding scale basis.
- b. Unless otherwise restricted, proceeds from the sale of medications and from treatment are hereby appropriated to the respective out-patient clinics or community centers.

Sec. 8. Approval of Transfers of Medicaid - Title XIX Funds. As an exception to other provisions of this Act, a transfer that exceeds \$1 million in all funds, state and federal, appropriated for Medicaid - Title XIX purposes between strategies of an agency receiving appropriations in this article cannot be made without the prior approval of the Commissioner of Health and Human Services established in Chapter 531 of the Government Code. The Commissioner shall establish procedures that expedite the approval process. Within 14 days of the transfer, agencies are to submit a report to the Legislative Budget Board, Governor's Office of Budget and Planning, and the Comptroller of Public Accounts. The report shall include information regarding affected strategies; method of finance; performance measure changes; and full-time equivalent positions due to the transfer of Medicaid funding.

Sec. 9. Annual Report - Professional Fee Exemption. It is the intent of the Legislature that the Annual Report required by the General Provisions of this Act shall not include professional fees paid for routine or special examinations for the purpose of determining eligibility of individuals for any of the programs administered by the agencies in this article, professional fees for treatment, services or care for individual recipients, or for providing special needs or appliances for individual recipients, but shall include fees for professional services or consultative services rendered for the general administration of the department.

Sec. 10. Disposition of State Funds Available Resulting from Federal Match Ratio Change. In the event the Federal Medical Assistance Percentage should be greater than 60.24 percent for federal fiscal year 2003, the following departments shall be authorized to expend the state funds thereby made available only to the extent authorized in writing by the Legislative Budget Board and Governor's Office of Budget and Planning: Department of Health; Department of Human Services; Department of Mental Health and Mental Retardation; and Department of Protective and Regulatory Services. A copy of such authorization shall be provided to the Comptroller of Public Accounts to assist in monitoring compliance with this provision.

Sec. 11. Costs Related to Co-location of Services and to Inter-agency Sharing of Support Functions and Services. To provide an efficient and effective method of paying common support costs related to co-location of human services as required pursuant to the provision of Chapter 531 of the Government Code, and/or costs of performing support functions for multiple agencies, funds may be transferred between agencies for payment of such costs and agencies are authorized to deposit those funds into separate accounts for the purpose of paying shared costs including, but not limited to, postage, occupancy costs, equipment repair, telephones and telephone system costs, office printing costs, supplies, freight and transport costs, electronic data processing systems, or other business functions. Each agency shall be responsible for monthly allocations of these costs to the original strategies.

Sec. 12. Contracts for Purchase of Client Services. No funds appropriated to an agency covered by this article may be utilized for contracts for the purchase of program-related client services unless:

- a. such contracts include clearly defined goals, outputs, and measurable outcomes which directly relate to program objectives;

**SPECIAL PROVISIONS RELATING
TO ALL HEALTH AND HUMAN SERVICES AGENCIES
(Continued)**

- b. such contracts include clearly defined sanctions or penalties for noncompliance with contract terms and conditions;
- c. such contracts specify the accounting, reporting, and auditing requirements applicable to funds received under the contract;
- d. the agency has implemented a formal program using a risk assessment methodology to monitor compliance with financial and performance requirements under the contract, including a determination of whether performance objectives have been achieved; and
- e. the agency has implemented a formal program to obtain and evaluate program costs information to ensure that all costs, including administrative costs, are reasonable and necessary to achieve program objectives.

Sec. 13. **Attorney General Representation.** The Attorney General and the respective agency head of an agency identified in this provision are hereby authorized to jointly select one or more Assistant Attorneys General to be assigned to the respective agency. The following agencies are subject to this provision: Department of Health, Department of Human Services, Department of Mental Health and Mental Retardation, Health and Human Services Commission, and Department of Protective and Regulatory Services.

Sec. 14. **Medicaid Managed Care Contracts.** The Health and Human Services Commission, Department of Health, Department of Human Services and the Department of Mental Health and Mental Retardation shall include and award value added points in the scoring of applications submitted for Medicaid managed care contracts. At a minimum, the following considerations are to be considered as items for value added points:

- a. Continuity of care for the Medicaid client;
- b. Graduate Medical Education as part of the delivery system; and
- c. Amount of charity care provided by the party applying for a contract award.

Sec. 15. **Transfer of Fund Balances.** Any interest, payments on principal, or balances remaining as of August 31, 2001, in Fund Numbers 15, 16, 17, and 18 are to be transferred by the State Comptroller of Public Accounts to the General Revenue Fund either annually or semiannually.

Sec. 16. **Consolidated Waiver Pilot Project Authorization.** From funds appropriated in Article II for Medicaid waivers that serve people with disabilities, the Health and Human Services Commission is authorized to utilize up to \$6,529,345 in Interagency Contracts and \$9,562,207 in matching federal funds for the biennium to develop and implement a pilot waiver program that would consolidate waiver services provided to eligible clients. Waiver programs affected under this provision include the Community Based Alternatives, Community Living Assistance and Support Services, and Medically Dependent Children's program at the Department of Human Services and the Home and Community Services waiver at the Department of Mental Health and Mental Retardation.

Sec. 17. **Functional Assessment for Disability Services.** The Health and Human Services Commission is authorized to continue implementation of the provisions of House Bill 663, Seventy-fifth Legislature, requiring the development of a single functional assessment for all disability services. The health and human services agencies that provide long-term care programs based on a determination of disability as an eligibility criterion shall contribute, from amounts appropriated in this Article, a total of \$125,000 to the Health and Human Services Commission for development of the assessment tool. The Health and Human Services Commission shall determine the amounts to be contributed by each agency.

**SPECIAL PROVISIONS RELATING
TO ALL HEALTH AND HUMAN SERVICES AGENCIES**
(Continued)

Sec. 18. **Children's Medicaid Review.** The Department of Human Services shall implement procedures to automatically review children's eligibility for Medicaid when their families become ineligible for Temporary Assistance for Needy Families (TANF) and to ensure that their Medicaid coverage continues uninterrupted if they are eligible. The Department of Health and the Department of Human Services shall cooperate to ensure that the child continues to receive medical assistance without a gap in eligibility if the review required by this rider indicates that the child is eligible for medical assistance on another basis. The Department of Health shall make expenditures, out of funds appropriated above, in the Medicaid program for children determined to be eligible for the Medicaid program. No child shall receive Medicaid unless they are eligible because of their income level.

Sec. 19. **Transfer Authority.** The Commissioner of Health and Human Services is authorized to make the following transfers, subject to prior approval by the Legislative Budget Board and the Governor, between health and human services agencies listed in Chapter 531, Government Code, including the Health and Human Services Commission, and between the strategies of each such agency. Any such transfers shall be made solely for purpose of creating an efficient, integrated system of business operations across health and human service agencies, for achieving the efficient and effective operation of the Medicaid program, to maximize federal funds, or for other purposes specifically described in Chapter 531, Government Code.

- a. The Commissioner of Health and Human Services is authorized to transfer funds between health and human services agencies listed in Chapter 531, Government Code including the Health and Human Services Commission, and between the strategies of each such agency, for the purpose of implementing the purposes outlined in Chapter 531, Government Code, subject to prior approval by the Legislative Budget Board and the Governor. No one transfer action between agencies may exceed 5 percent of the total yearly appropriation amount of the agency from which funds are being transferred. All approved transfers made pursuant to this provision shall be reported to the Governor and the Legislative Budget Board within 14 days of the transfer action.
- b. The Commissioner of Health and Human Services is authorized to transfer full-time equivalent positions 1) between the agencies named in Chapter 531, Government Code, and 2) from agencies named in Chapter 531, Government Code, to the Health and Human Services Commission, provided that such approved transfers shall not result in a net increase in the total number of full-time equivalent positions authorized for those agencies in this Act. These transfers are subject to the prior approval of the Legislative Budget Board and the Governor.
- c. Funds appropriated to agencies listed in Chapter 531, Government Code, for capital budget items may only be expended for capital budget items listed in this article. Amounts shall be expended only for the purposes shown and are not available for expenditure for other purposes. The Commissioner of Health and Human Services is authorized to transfer approved appropriations for capital budget items. These transfers are subject to the prior approval of the Legislative Budget Board and the Governor. Amounts appropriated for "Lease Payments to the Master Equipment Purchase Program" may not be transferred.
- d. All approved fund transfers, transfers of full-time equivalent employees and transfer of appropriation authority for capital budget items made pursuant to this section shall be reported to the Governor's Office of Budget and Planning and the Legislative Budget Board no later than 30 days prior to the transfer action. Notifications shall include information regarding the source of funds to the transferred, and any changes in federal funds related to the proposed transfer, the agency and strategy from which the transfer is to be made and the agency and strategy to which the transfer is to be made, the need which was to be served through the original appropriation and the basis for the decrease in need, the need to be served in the strategy receiving the funds and the basis for selecting the strategy, and the purpose established in Chapter 531, Government Code, to be achieved by the transfer. In the

SPECIAL PROVISIONS RELATING TO ALL HEALTH AND HUMAN SERVICES AGENCIES (Continued)

event that the transfer could potentially impact client services, the notification shall include information regarding the client population potentially impacted and the impacted agencies' ability to operate existing programs.

Sec. 20. **Payment for Compensatory Time.** It is expressly provided that the Department of Mental Health and Mental Retardation and the Texas Department of Health's State Healthcare Facilities, to the extent permitted by law, may pay FLSA exempt and FLSA non-exempt employees on a straight-time basis for work on a holiday or for regular compensatory time hours when the taking of regular compensatory time off would be disruptive to normal business functions.

Sec. 21. **Business Processes Study.** The Commission shall review the effectiveness and efficiency of the business processes of all agencies under its purview. Specific areas to be addressed include:

- a. Human Resources Management: Examine the potential of establishing a common, shared human resource system to be used by all HHS agencies, including a common time and leave system, and of centralizing certain human resource functions in regional or headquarter offices;
- b. Regional Service Centers: Assess the potential savings generated from consolidating HHS agency administrative, financial and information resource management functions within regional service bureaus in the field;
- c. Cost Report Audits: Review the potential benefit of consolidating cost report audits across all HHS agencies;
- d. Travel Policies: Identify methods to maximize the use of enterprise-wide communications, including video-conferencing, to reduce the need for employee travel;
- e. Consolidation of Warehouse and Print Shop Functions: Assess the feasibility of eliminating surplus property and unneeded warehouse space and centralizing document production and distribution functions between certain HHS agencies; and
- f. Purchasing: Reduce costs associated with purchasing at individual HHS agencies by taking advantage of cross-agency volume purchasing of standardized commodities using purchasing consortia.

The Commissioner shall report the findings and related recommendations to the Legislative Budget Board and the Governor no later than September 1, 2002. In order to implement the recommendations and reduce the costs of business processes at health and human services agencies the Commissioner is hereby authorized to transfer appropriations between items and/or between health and human services agencies and to adjust the number of Full-Time Equivalent positions assigned to the agencies. Notice of proposed transfers and FTE adjustments shall be given to the Legislative Budget Board and Governor and may take effect after 30 days unless disapproved or modified by either office. On or before September 1, 2002, the Commissioner shall determine items of appropriation where reductions may be made in the total amount of \$10 million in general revenue funds. Notice of appropriation items and amounts to be reduced shall be given to the Comptroller of Public Accounts, Legislative Budget Board, and Governor's Office of Budget and Planning. The Comptroller shall make the appropriate budget reductions on October 1, 2002 or at an earlier time if directed to do so by the Legislative Budget Board and Governor. In the event the Comptroller has not received the required report by October 1, 2002, general revenue appropriations to health and human services agencies shall be reduced by the Comptroller on a proportional basis to achieve the total \$10 million reduction.

Sec. 22. **Limitation on Appropriations for Long-term Care Waiver Slots.** None of the funds appropriated above to the Department of Human Services and the Department of Mental Health and Mental Retardation for long-term care waiver slots may be utilized for purposes other than:

**SPECIAL PROVISIONS RELATING
TO ALL HEALTH AND HUMAN SERVICES AGENCIES
(Continued)**

- a. the establishment and maintenance of long-term care waiver slots;
- b. the provision of wraparound services, as identified in the Health and Human Services Commission Consolidated Budget for 2002–03 that are specifically associated with such slots and that relate to transitional services, access to immediate housing, and transportation services; or
- * c. contingent upon the enactment of House Bill 1213 or similar legislation, the development of family-based alternatives for children leaving institutions.

This provision applies to funds appropriated for the Home and Community-based Services (HCS) waiver program at the Department of Mental Health and Mental Retardation and the following waiver programs at the Department of Human Services: Community-based Alternatives (CBA), Community Living Assistance and Support Services (CLASS), Medically Dependent Children’s Program (MDCP) and Deaf-Blind with Multiple Disabilities Waiver.

Sec. 23. Contingency Appropriation for Senate Bill 1475.

- a. The following provisions are contingent upon enactment of Senate Bill 1475, or similar legislation which transfers the Children’s Trust Fund of Texas Council to the Department of Protective and Regulatory Services, by the Seventy-seventh Legislature, Regular Session.
- b. In the bill pattern for the Department of Protective and Regulatory Services add the following strategy and strategy appropriation:

	<u>2002</u>	<u>2003</u>
A.1.8 Strategy		
CHILDREN’S TRUST FUND	\$ 1,878,631	\$ 1,878,631

- c. Effective September 1, 2001, the appropriations and FTEs shown below shall be transferred to the Department of Protective and Regulatory Services, for use in Strategy A.1.8, Children’s Trust Fund.

	<u>2002</u>	<u>2003</u>	<u>FTEs</u>
Children’s Trust Fund of Texas Council			
A.1.1. Strategy:			
GRANTS, ASSISTANCE, AND AWARENESS	\$ 1,700,768	\$ 1,700,768	0.0
B.1.1. Strategy:			
INDIRECT ADMINISTRATION	\$ 177,863	\$ 177,863	4.0
Method of Financing:			
GR Dedicated - Children’s Trust Fund of Texas Council Operating Account No. 541	\$ 1,778,631	\$ 1,778,631	
Interagency Contracts	\$ 100,000	\$ 100,000	

- d. Performance measures contained in the Children’s Trust Fund of Texas Council Strategy A.1.1, Grants, Assistance, and Awareness, shall be applicable to the Department of Protective and Regulatory Services.

* House Bill 1213 or similar legislation did not pass.

**SPECIAL PROVISIONS RELATING
TO ALL HEALTH AND HUMAN SERVICES AGENCIES
(Continued)**

- e. On the effective date of this Act, all powers, duties, obligations, rights, contracts, records, employees, property, and unspent and unobligated appropriations and other funds relating to the Children's Trust Fund of Texas Council are transferred to the Department of Protective and Regulatory Services. Final determination of the amounts of funding and full-time equivalents to be transferred shall be made by the Health and Human Services Commission. A report on the final amounts to be transferred shall be issued to the Legislative Budget Board and the Governor's Office no later than 30 days prior to the final transfer.

Sec. 24. **Enterprise Administrative System.** Out of funds appropriated to agencies identified in Chapter 531, Government Code, the Health and Human Services Commission may identify and transfer funds from those agencies in order to fund the Enterprise Administrative System (PeopleSoft implementation), in an amount not to exceed \$11.6 million in General Revenue Funds or \$24.9 million in All Funds. Balances identified may be carried forward between years of the 2002–03 biennium in order to accomplish the goals of the project. Amounts expended by other agencies such as the Department of Human Services for similar purposes are assumed to reduce the demand for transfers of funding to accomplish the goals of this project. The transfers of funding between agencies are subject to prior approval by the Legislative Budget Board and the Governor. Requests to transfer funds shall include the source of funding, method of financing, and stipulations as to whether the particular agency project to be funded through the transfer is approved in an affected agency's Biennial Operating Plan. The Health and Human Services Commission shall also specify whether an increase in capital budget authority for a particular agency is being requested at the time transfers are made to fund agency projects.

Sec. 25. **Salary Recommendations.** Before the beginning of each session of the Legislature, the Commissioner of Health and Human Services may recommend to the members of the Legislature, the Legislative Budget Board, and the State Auditor that the salaries of the chief executive officer of an agency named under Chapter 531, Government Code, be adjusted.

Sec. 26. **Access to Health Care Services.** It is the intent of the Legislature that all agencies administering or responsible for any part of the medical assistance program under Chapter 32, Human Resources Code, work together to maximize the number of providers, including providers of pediatric care, primary care, nursing home care, and home health services to promote access to quality health care services for all enrollees.

Sec. 27. **Payment for Prior Year Expenditures.** Notwithstanding any other provision of this Act or any other restrictions on transferability, agencies under § 531.001, Government Code, are authorized to pay for prior year expenditures with current year appropriations. This provision would authorize fiscal year 2002 appropriations to be utilized to cover fiscal year 2001 expenditures and authorize fiscal year 2003 appropriations to be utilized to cover fiscal year 2002 expenditures. Proposed transfers under this provision are authorized only at the request of the Health and Human Services Commissioner with the prior approval of the Legislative Budget Board and the Governor's Office of Budget and Planning.

Sec. 28. **Medicaid Rate Increases.** Out of funds appropriated elsewhere in this Act to various Medicaid operating agencies, a total of \$197 million in General Revenue funds are allocated for rate increases in the Medicaid program. The Health and Human Services Commission shall provide a report to the Legislative Budget Board and Governor by September 1 of each year of the biennium regarding the methodologies used to implement the rate increases noted below, regarding the allocation of increases between agencies, where appropriate, the impact of the rate increases on the provision of services, and providing a certification that the methodology used to implement the rate increase will result in the expenditure of no more than an additional \$197 million in General Revenue Funds in the Medicaid program above what would otherwise have been expended. The amounts and programs are as follows: Medical Professionals \$50 million in General Revenue; Community Care (wages) \$50 million in General Revenue; Outpatient Hospital \$35 million in General Revenue; Dental Care \$20 million in General Revenue; Health Maintenance Organizations \$35 million in General Revenue; STAR+PLUS

**SPECIAL PROVISIONS RELATING
TO ALL HEALTH AND HUMAN SERVICES AGENCIES
(Continued)**

\$4.5 million in General Revenue; and Home and Community-based Services providers \$2.5 million in General Revenue.

Sec. 29. **Medical Rate Increases.** Out of funds appropriated elsewhere in this Act to the Department of Health and the Health and Human Services Commission, a total of \$50,000,000 in General Revenue and \$75,439,321 in Federal Funds are allocated for medical professional services rate increases in the Medicaid program. Increases are intended to enhance Medicaid clients' access to medically appropriate services, as well as to attract and retain medical professionals and to reward high-volume Medicaid providers, particularly providers along the Texas-Mexico border and in rural areas. The Commissioner of Health and Human Services shall develop, in consultation with an advisory committee composed of members of the Physician Payment Advisory Committee as well as regional practitioners who practice in low income areas of the state, a methodology to implement rate increases. The Health and Human Services Commission shall provide a report to the Legislative Budget Board and the Governor by September 1 of each year in the biennium regarding allocation of rate increases by methodologies noted below, regarding the allocation of increases between agencies, the impact of the rate increases on the provision of medical services, and provide a certification that the methodology used to implement the rate increase will result in the expenditure of no more than an additional \$50 million in General Revenue funds in the Medicaid program above what would otherwise have been expended.

- a. A portion of the increase, as determined by the Health and Human Services Commission, is allocated to increase the rate for Early Periodic Screening Diagnosis and Treatment (EPDST) screens. A methodology shall be developed to provide an additional enhancement when clients are seen within the recommended reevaluation period by the same physician or physician group;
- b. A portion of the increase, as determined by the Health and Human Services Commission, is allocated to provide an additional enhancement in the office-based evaluation and management procedures. The methodology developed by the Health and Human Services Commission shall identify procedure codes that would lead toward quality service delivery and improve stability in the provider network. To encourage comprehensive exams for new patients and appropriate and continuous preventive services for established patients, a methodology shall be developed that provides an additional increase to high-volume Medicaid practitioners as defined by the Commission;
- c. A portion of the increase, as determined by the Health and Human Services Commission, is allocated to provide an increase in rates for primary care providers to encourage effective primary and preventive care; and
- d. It is the intent of the Legislature that the Health and Human Services Commission implement mechanisms to ensure that the increased amounts go directly to providers.

Sec. 30. **Dental Rate Increases.** Out of funds appropriated elsewhere in this Act to the Department of Health, a total of \$20,000,000 in General Revenue funds and \$30,175,728 in Federal Funds is allocated for dental rate increases in the Medicaid program. Increases are intended to enhance Medicaid clients' access to medically appropriate dental services, as well as to attract and retain dental professionals and to reward high-volume Medicaid providers, particularly providers along the Texas-Mexico border and in rural areas. The Health and Human Services Commission shall allocate the rate increases between the methodologies listed below and report to the Legislative Budget Board and the Governor by September 1 of each year of the biennium regarding allocation of rate increases by methodologies noted below, the impact of the rate increases on the provisions of dental services, and provide a certification that the methodology used to implement the rate increase will result in the expenditure of no more than an additional \$20 million in General Revenue funds in the Medicaid program above what would otherwise have been expended.

**SPECIAL PROVISIONS RELATING
TO ALL HEALTH AND HUMAN SERVICES AGENCIES
(Continued)**

- a. A portion of the increase, as determined by the Health and Human Services Commission, is allocated to increase the rates for periodic dental exams and comprehensive dental exams and to enhance payments for certain preventive services.
- b. A portion of the increase, as determined by the Health and Human Services Commission, is allocated to provide an additional increase in rates for practitioners who provide a minimum threshold of EPSDT dental examinations and preventive services; and
- c. A portion of the increase, as determined by the Health and Human Services Commission, is allocated to provide an increase in rates for selected restorative work.
- d. It is the intent of the Legislature that the Health and Human Services Commission implement mechanisms to ensure that the increased amounts go directly to providers.

Sec. 31. **Limitation on Appropriations for Rates.** None of the funds appropriated to the Department of Health, the Department of Human Services, the Department of Mental Health and Mental Retardation, and the Department of Protective and Regulatory Services for rates may be utilized for purposes other than rates for service providers.

Sec. 32. **Simplified Medicaid Eligibility for Children.** The following provisions relate to the implementation of simplified Medicaid eligibility for children, as provided by Senate Bill 43 or similar legislation enacted by the Seventy-seventh Legislature.

Out of funds appropriated elsewhere in this Act to the Health and Human Services Commission, \$61,300,000 in General Revenue Match for Medicaid and \$92,720,101 in Federal Funds for fiscal year 2002 and \$61,300,000 in General Revenue match for Medicaid and \$92,257,114 in Federal Funds for fiscal year 2003 are allocated to the Health and Human Services Commission to implement modifications to the Medicaid application and recertification processes for children under the age of 19 by January 1, 2002.

- * Sec. 33. **Medicaid Cost Containment.** Appropriations to the Health and Human Services Commission shall be reduced by \$174.1 million in General Revenue and an estimated \$261.2 million in Federal Funds during the 2002–03 biennium for items "a" through "m" below due to cost-containment and savings mechanisms to be implemented by the Health and Human Services Commission. Appropriations to agencies identified in Chapter 531 of the Government Code shall be reduced by \$30.9 million in General Revenue and an estimated \$13.7 million in Federal Funds during the 2002–03 biennium for items "o" through "q" below due to cost-containment and savings mechanisms to be implemented by the Health and Human Services Commission. Cost-containment and savings initiatives include, but are not limited to, initiatives outlined in Senate Bill 1156* or similar legislation and the following items proposed by the Commissioner of Health and Human Services:

- a. Statewide rollout for TANF population (unlimited prescriptions) (\$17.9 million in General Revenue);
- b. Require SSI population to participate in STAR (\$6.1 million in General Revenue);
- c. Establish a case-management program for complex cases (\$3.0 million in General Revenue);
- d. Selective contracting in urban areas for inpatient services (\$24.5 million in General Revenue);
- e. Move from current formula for drug pricing in Medicaid to a "best price" structure (\$22.0 million in General Revenue);
- f. Require supplemental rebates in selected therapeutic categories (\$14.0 million in General Revenue);
- g. Reduce outlier payment percentage (\$6.1 million in General Revenue);
- h. Competitive pricing for medical equipment and supplies (\$7.3 million in General Revenue);
- i. Vision care (\$1.0 million in General Revenue);

*Senate Bill 1156 was vetoed. See Veto Proclamation.

**SPECIAL PROVISIONS RELATING
TO ALL HEALTH AND HUMAN SERVICES AGENCIES
(Continued)**

- j. Expand Health Insurance Premium Payments System (HIPPS) (\$3.2 million in General Revenue);
- k. Establish sliding-scale copayments (\$3.0 million in General Revenue);
- l. Use the Title XIX Trust Fund balance (\$60.0 million in General Revenue);
- m. Increase utilization review activities through Pharmacy Benefit Managers or in-house function (\$6.0 million in General Revenue);
- n. Pilot automatic dispensing machines in nursing facilities (\$3.2 million in General Revenue);
- o. Savings due to Children's Health Insurance Program (\$18.8 million in General Revenue);
- p. Lowest contract price/Medicaid pricing for all retail purchases (\$3.0 million in General Revenue);
- q. Medicaid waiver for psychotropic medications (\$5.9 million in General Revenue).

The Health and Human Services Commission shall identify the agencies, strategies, and mechanisms used to achieve the reductions, timeline for achieving the reductions, and impact to performance measures and full-time-equivalent positions by May 1, 2002, in a report to the Legislative Budget Board and the Governor. Reductions totaling \$205 million in General Revenue and an estimated \$274.9 million in Federal Funds shall be made to the Health and Human Services Commission and other agencies by August 31, 2003. All reductions shall be documented in agencies' Legislative Appropriations Requests and adjustments included in reported expenditures for the 2002–03 biennium to the Seventy-eighth Legislature.

Sec. 34. **Legislative Intent - Medicaid Transfers.** Funds appropriated by this Act for the Medicaid program shall be expended for the purposes for which they are appropriated. In the event that a determination must be made regarding the allocation of funds in the appropriation patterns between the Department of Health and the Health and Human Services Commission for the Medicaid program, the Comptroller of Public Accounts is authorized to seek clarification from the Legislative Budget Board and to make adjustments as necessary, subject to the notification of and approval by the Legislative Budget Board.

RECAPITULATION - ARTICLE II
HEALTH AND HUMAN SERVICES
(General Revenue)

	For the Years Ending	
	August 31,	August 31,
	<u>2002</u>	<u>2003</u>
Department on Aging	\$ 7,536,221	\$ 7,536,221
Rider Appropriations	<u>195,000</u>	<u>195,000</u>
Total	7,731,221	7,731,221
Commission on Alcohol and Drug Abuse	27,299,576	27,299,577
Commission for the Blind	11,278,655	11,268,181
Rider Appropriations	<u>221,095</u>	<u>0</u>
Total	11,499,750	11,268,181
Cancer Council	4,028,844	4,028,844
Commission for the Deaf and Hard of Hearing	1,017,926	1,017,926
Rider Appropriations	<u>110,000</u>	<u>(110,000)</u>
Total	1,127,926	907,926
Interagency Council on Early Childhood Intervention	35,641,059	35,641,059
Department of Health	410,149,638	410,465,832
Health and Human Services Commission	2,901,737,840	2,918,437,685
Department of Human Services	1,684,456,534	1,617,402,744
Contingency Appropriations	<u>7,100,000</u>	<u>7,100,000</u>
Total	1,691,556,534	1,624,502,744
Department of Mental Health and Mental Retardation	1,079,128,057	1,074,892,138
Rider Appropriations	<u>5,162,496</u>	<u>5,162,496</u>
Total	1,084,290,553	1,080,054,634
Department of Protective and Regulatory Services	241,454,612	253,210,453
Rider Appropriations	<u>4,100,000</u>	<u>4,100,000</u>
Total	245,554,612	257,310,453
Rehabilitation Commission	<u>42,818,602</u>	<u>43,042,931</u>
Subtotal, Health and Human Services	\$ <u>6,463,436,155</u>	\$ <u>6,420,691,087</u>

RECAPITULATION - ARTICLE II
 HEALTH AND HUMAN SERVICES
 (General Revenue)
 (Continued)

Retirement and Group Insurance	169,713,154	185,314,012
Social Security and Benefit Replacement Pay	<u>69,740,978</u>	<u>68,747,685</u>
Subtotal, Employee Benefits	<u>\$ 239,454,132</u>	<u>\$ 254,061,697</u>
Bond Debt Service Payments	15,803,425	17,096,798
Lease Payments	<u>7,061,439</u>	<u>7,067,769</u>
Subtotal, Debt Service	<u>\$ 22,864,864</u>	<u>\$ 24,164,567</u>
Article II, Special Provisions, Rider Appropriations	(10,000,000)	(205,000,000)
TOTAL, ARTICLE II - HEALTH AND HUMAN SERVICES	<u><u>\$ 6,715,755,151</u></u>	<u><u>\$ 6,493,917,351</u></u>

RECAPITULATION - ARTICLE II
HEALTH AND HUMAN SERVICES
(General Revenue - Dedicated)

	For the Years Ending	
	August 31,	August 31,
	2002	2003
Commission for the Blind	\$ 1,487,544	\$ 1,487,544
Children’s Trust Fund of Texas Council	1,778,631	1,778,631
Department of Health	227,237,667	232,235,324
Department of Human Services	17,559,343	17,559,343
Department of Protective and Regulatory Services	15,982,709	15,982,709
Rehabilitation Commission	<u>10,538,883</u>	<u>10,538,883</u>
Subtotal, Health and Human Services	<u>\$ 274,584,777</u>	<u>\$ 279,582,434</u>
Retirement and Group Insurance	2,228,906	2,435,613
Social Security and Benefit Replacement Pay	<u>1,153,107</u>	<u>1,155,307</u>
Subtotal, Employee Benefits	<u>\$ 3,382,013</u>	<u>\$ 3,590,920</u>
TOTAL, ARTICLE II - HEALTH AND HUMAN SERVICES	<u><u>\$ 277,966,790</u></u>	<u><u>\$ 283,173,354</u></u>

RECAPITULATION - ARTICLE II
HEALTH AND HUMAN SERVICES
(Federal Funds)

	For the Years Ending	
	August 31, 2002	August 31, 2003
Department on Aging	\$ 61,645,639	\$ 62,681,944
Commission on Alcohol and Drug Abuse	140,142,703	140,142,703
Commission for the Blind	34,151,664	34,027,885
Interagency Council on Early Childhood Intervention	61,454,435	54,887,306
Department of Health	790,525,957	807,580,111
Health and Human Services Commission	5,033,506,594	4,974,186,726
Department of Human Services	2,895,764,161	2,742,938,474
Contingency Appropriations	<u>10,739,196</u>	<u>10,685,571</u>
Total	2,906,503,357	2,753,624,045
Department of Mental Health and Mental Retardation	726,040,827	726,468,989
Rider Appropriations	3,441,664	3,441,664
Contingency Appropriations	<u>100,000</u>	<u>100,000</u>
Total	729,582,491	730,010,653
Department of Protective and Regulatory Services	485,341,497	500,886,884
Rider Appropriations	1,750,000	1,750,000
Contingency Appropriations	<u>2,500,000</u>	<u>2,500,000</u>
Total	489,591,497	505,136,884
Rehabilitation Commission	<u>226,425,338</u>	<u>226,710,269</u>
Subtotal, Health and Human Services	\$ <u>10,473,529,675</u>	\$ <u>10,288,988,526</u>
Retirement and Group Insurance	175,955,246	196,605,237
Social Security and Benefit Replacement Pay	<u>64,887,032</u>	<u>66,056,239</u>
Subtotal, Employee Benefits	\$ <u>240,842,278</u>	\$ <u>262,661,476</u>
Bond Debt Service Payments	<u>2,362,984</u>	<u>2,361,154</u>
Subtotal, Debt Service	\$ <u>2,362,984</u>	\$ <u>2,361,154</u>
Article II, Special Provisions, Rider Appropriations	0	(274,900,000)
TOTAL, ARTICLE II - HEALTH AND HUMAN SERVICES	<u><u>\$ 10,716,734,937</u></u>	<u><u>\$ 10,279,111,156</u></u>

**RECAPITULATION - ARTICLE II
HEALTH AND HUMAN SERVICES
(Other Funds)**

	For the Years Ending	
	August 31, 2002	August 31, 2003
Commission on Alcohol and Drug Abuse	\$ 8,244,037	\$ 8,249,000
Commission for the Blind	279,380	320,904
Children’s Trust Fund of Texas Council	100,000	100,000
Commission for the Deaf and Hard of Hearing	1,229,240	1,263,240
Rider Appropriations	<u>100,000</u>	<u>0</u>
Total	1,329,240	1,263,240
Interagency Council on Early Childhood Intervention	5,118,711	11,353,379
Department of Health	55,355,371	21,543,169
Health and Human Services Commission	16,897,508	16,811,243
Department of Human Services	67,307,026	30,900,115
Department of Mental Health and Mental Retardation	54,950,077	54,828,418
Department of Protective and Regulatory Services	16,745,555	16,744,162
Rider Appropriations	<u>125,000</u>	<u>0</u>
Total	16,870,555	16,744,162
Rehabilitation Commission	<u>589,831</u>	<u>589,831</u>
Subtotal, Health and Human Services	<u>\$ 227,041,736</u>	<u>\$ 162,703,461</u>
Retirement and Group Insurance	3,940,486	4,059,630
Social Security and Benefit Replacement Pay	<u>1,038,242</u>	<u>1,040,192</u>
Subtotal, Employee Benefits	<u>\$ 4,978,728</u>	<u>\$ 5,099,822</u>
Bond Debt Service Payments	<u>553,850</u>	<u>554,090</u>
Subtotal, Debt Service	<u>\$ 553,850</u>	<u>\$ 554,090</u>
Less Interagency Contracts	<u>\$ 86,017,597</u>	<u>\$ 91,995,313</u>
TOTAL, ARTICLE II - HEALTH AND HUMAN SERVICES	<u><u>\$ 146,556,717</u></u>	<u><u>\$ 76,362,060</u></u>

RECAPITULATION - ARTICLE II
HEALTH AND HUMAN SERVICES
(All Funds)

	For the Years Ending	
	August 31,	August 31,
	<u>2002</u>	<u>2003</u>
Department on Aging	\$ 69,181,860	\$ 70,218,165
Rider Appropriations	<u>195,000</u>	<u>195,000</u>
Total	69,376,860	70,413,165
Commission on Alcohol and Drug Abuse	175,686,316	175,691,280
Commission for the Blind	47,197,243	47,104,514
Rider Appropriations	<u>221,095</u>	<u>0</u>
Total	47,418,338	47,104,514
Cancer Council	4,028,844	4,028,844
Children’s Trust Fund of Texas Council	1,878,631	1,878,631
Commission for the Deaf and Hard of Hearing	2,247,166	2,281,166
Rider Appropriations	<u>210,000</u>	<u>(110,000)</u>
Total	2,457,166	2,171,166
Interagency Council on Early Childhood Intervention	102,214,205	101,881,744
Department of Health	1,483,268,633	1,471,824,436
Health and Human Services Commission	7,952,141,942	7,909,435,654
Department of Human Services	4,665,087,064	4,408,800,676
Contingency Appropriations	<u>17,839,196</u>	<u>17,785,571</u>
Total	4,682,926,260	4,426,586,247
Department of Mental Health and Mental Retardation	1,860,118,961	1,856,189,545
Rider Appropriations	8,604,160	8,604,160
Contingency Appropriations	<u>100,000</u>	<u>100,000</u>
Total	1,868,823,121	1,864,893,705
Department of Protective and Regulatory Services	759,524,373	786,824,208
Rider Appropriations	5,975,000	5,850,000
Contingency Appropriations	<u>2,500,000</u>	<u>2,500,000</u>
Total	767,999,373	795,174,208
Rehabilitation Commission	<u>280,372,654</u>	<u>280,881,914</u>
Subtotal, Health and Human Services	\$ <u>17,438,592,343</u>	\$ <u>17,151,965,508</u>

RECAPITULATION - ARTICLE II
HEALTH AND HUMAN SERVICES
(All Funds)
(Continued)

Retirement and Group Insurance	351,837,792	388,414,492
Social Security and Benefit Replacement Pay	<u>136,819,359</u>	<u>136,999,423</u>
Subtotal, Employee Benefits	<u>\$ 488,657,151</u>	<u>\$ 525,413,915</u>
Bond Debt Service Payments	18,720,259	20,012,042
Lease Payments	<u>7,061,439</u>	<u>7,067,769</u>
Subtotal, Debt Service	<u>\$ 25,781,698</u>	<u>\$ 27,079,811</u>
Article II, Special Provisions, Rider Appropriations	(10,000,000)	(479,900,000)
Less Interagency Contracts	<u>\$ 86,017,597</u>	<u>\$ 91,995,313</u>
TOTAL, ARTICLE II - HEALTH AND HUMAN SERVICES	<u><u>\$ 17,857,013,595</u></u>	<u><u>\$ 17,132,563,921</u></u>
Number of Full-Time-Equivalent Positions (FTE)	50,855.4	50,923.4